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NEWS SUMMARY

GENERAL

Turkish army warns leaders

Turkish generals gave a strong warning to the country's political parties yesterday, and urged them to agree on measures to counter rampant terrorism.

The generals' statement, which criticised the parties for squabbling, was read over the state-controlled radio.

While the generals did not state what they would do if the parties failed to co-operate, many observers expect the military to demand a bigger role in running the country if the internal crisis deepens. **Back page**

Front criticism

Both wings of the Patriotic Front attacked Britain's administration of the ceasefire and election process in Rhodesia. They called for postponement of the February election and tomorrow's ceasefire deadline. **Back page; Poll registration delay, Page 3**

Republican held

Sinn Fein vice-president, Gerry Adams, 31, and another man, were arrested by troops and police in Belfast. Police said they were found in a house whose occupier was away.

Home sales row

Bitter argument is raging over the cost to Britain of proposals contained in the Housing Bill. Opponents to the Bill say the wide scale disposal of council houses will result in big losses. **Page 6**

Man detained

Canadian police detained a man aged 21 in connection with the fire at a club in the mining town of Chappais, in which at least 42 people died and 50 were injured.

Earthquake toll

The earthquake at the Portuguese Atlantic islands of the Azores caused at least 33 deaths and left more than 400 injured. Portugal's President Eanes flew to Terceira island to survey damage.

Relief stopped

The United Nations' World Food Programme has suspended emergency food shipments to Kampuchea because supplies already sent have not been distributed. The organisation hopes to resume shipments in February.

Indian election

Indians start voting today in a general election which could return Indira Gandhi, 62, to power after nearly three years. **Back Page**

Sailing aids

Satellite navigation aids for sailing boats are likely to generate much interest at the 26th International Boat Show, which opens at Earls Court, London, today. UK company Thomas Walker took a £1m order for its equipment last night. **Page 5**

Lean year

The annual tilt of the Leaning Tower of Pisa, Italy, is slowing down. Last year it moved less than 2 mm. compared with 4.6 mm in 1973.

Briefly . . .

Labour MP Dennis Skinner was "satisfactory" in Chesterfield Royal Hospital after falling from his bicycle on a moorland road.

Ten people, including seven children, died in a fire at a block of flats in Rotterdam, Holland.

Guillermo Vilas of Argentine retained the Australian open tennis title, beating American John Sadri.

BUSINESS

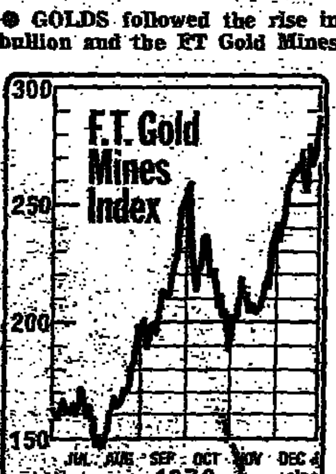
Sterling up 2.2c; Equities 7.2 down

● **STERLING** rose 2.2c from Monday to close at $2.2420. Its trade-weighted index was unchanged at 70.2. **DOLLAR** lost ground with current uncertainty over events in Iran and Afghanistan and fell to DM 1.7130, sharply weaker than Monday's close of DM 1.7250. Its trade-weighted index slipped to 84.6 (85.0).

● **GOLD** recorded its biggest one-day movement ever in London to close at a record $567.5, a rise of $41 an ounce or nearly 8 per cent since Monday.

● **EQUITIES** were overshadowed by the steel strike and the FT 30-share index closed 7.2 down at 407.0, only a shade above its 1979 low.

● **GOLDS** followed the rise in bullion and the FT Gold Mines



index jumped 19.9 to 288.5, its highest since September 16, 1975.

● **GILTS** trading was below average and the Government Securities index fell 0.49 to 64.61.

● **WALL STREET** was down 12.03 at 826.71 near the close.

● **NORTH SEA** oil prices are expected to be raised to over $30 a barrel within the next few days following new pricing levels set by African producers. **Back Page**

● **BRITISH AEROSPACE** is to join a major new European guided weapons manufacturing consortium set up by the UK, France and West Germany. **Back Page**

● **GENERAL ACCIDENT** group, the UK's largest motor insurer is to raise premium rates by 12 per cent on February 1, only six months after its previous revision. **Page 6**

● **HOUSE** prices are expected to rise only half as fast in 1980 as they did last year according to the Abbey National Building Society. **Page 5**

LABOUR

● **TGWU** water workers are being balloted on taking industrial action over a pay offer worth 13.1 per cent rejected by union officials representing 33,000 manual workers. **Page 6**

● **HOSPITAL** laboratory technicians will be asked to consider selective strike action in the emergency blood transfusion and pathology services unless the NHS improves on-call payment rates by the middle of the month. **Page 6**

COMPANIES

● **MILFORD DOCKS** chairman C. A. V. Smith said recent criticisms of the company by a group of dissident shareholders are erroneous, ill-judged or misleading. **Page 14**

● **PEARL ASSURANCE** reported an exceptional rise in its industrial life business with new annual premiums advancing overall in 1979 by 27.8 per cent to £40m (£31.3m) and single premiums up 63 per cent at £20.2m (£12.4m). **Page 14**

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
Abercom	130	+ 10
Cradley Printing	52	+ 3
SASOL	159	+ 8
Anglo American	720	+ 140
Anglo Amer. Gold	£37	+ 2¾
Ashton Mining	167	+ 9
CRA	268	+ 16
Cons. Gold Fields	398	+ 13
Cons. Murchison	380	+ 50
De Beers Dfd.	455	+ 32
Deelkraal	269	+ 26
Durban Deep	£11¾	+ 2¼
East Rand Prop.	£13¾	+ 2¼
Harmony	785	+ 110
Impala Platinum	273	+ 33
Lennard Oil	80	+ 16
MIM Holdings	232	+ 22
Rustenburg Plat.	246	+ 35
South African Land	197	+ 27
Tanks Con.	272	+ 22
Union Crpn.	605	+ 55
Vaal Reefs	£29½	+ 2
Western Deep	£16¾	+ 1½
Zambia Copper	48	+ 9
FALLS		
Treas. 12pc 1984	£89	− ⅞
Barclays Bank	414	− 12
Booker McConnell	255	− 10
Bowater	145	− 6
Bowring (C. T.)	126	− 7
Fairview Estates	180	− 10
GEC	326	− 6
Grindlays Bank	120	− 12
GKN	238	− 9
Hawker Siddeley	174	− 6
Land Secs.	248	− 6
Metal Box	226	− 8
NatWest Bank	338	− 12
Racal Elec.	175	− 8
Taylor Woodrow	317	− 11
Thorn Elec.	266	− 6

Full TUC support for steel strike

BY NICK GARNETT, LABOUR STAFF

THE TUC put its full weight yesterday behind the national steel strike as union attempts to blockade all steel imports and restrict movement in Britain of public-sector produced steel intentified.

Iron and steelmaking was at a standstill throughout the British Steel Corporation yesterday on the first day of the strike by 100,000 members of the Iron and Steel Trades Confederation and the National Union of Blastfurnacemen.

The TUC is telling affiliated unions that they should give maximum support to the dispute and to do nothing to jeopardise prosecution of the strike.

It is also issuing some advice on picketing, which depending on the extent to which steel unions receive co-operation from other unions will affect the impact the strike makes on manufacturing industry.

The TUC will advise unions that picketing must be kept under control of the ISTC and the Blastfurnacemen's union.

The decision to do this followed a meeting at the TUC between Mr. Len Murray, its general secretary, and general secretaries of unions in the steel industry including Mr. Moss Evans, leader of the Transport and General Workers' Union.

These unions expressed full support for the strike. *Though the Transport Workers, which has the majority of workers on the docks and in road transport, has not yet formally decided its position, Mr. Evans will recommend that drivers do not move materials in or out of BSC premises, and that imported steel should not be moved from the docks.*

Steel imports generally continued to move through ports normally yesterday.

The National Union of Railwaymen agreed to tighten instructions to its members on handling of steel after a meeting with Mr. Bill Sirs, general secretary of the Iron and Steel Trades Confederation.

The NUR, after the decision by ASLEF, the train-drivers' union will instruct its members not to handle steel imports or move BSC steel now in transit, or mtaerial to or from BSC.

The International Transport Workers' Federation, after discussions with Mr. Sid Weighell, NUR general secretary, issued instructions to its affiliated unions to block movement of steel to Britain.

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It is uncertain how quickly that direction will be transmitted through the unions' structures, or how far it will be obeyed.

Mr. Murray said that unions were concerned to achieve a quick settlement by maintaining full solidarity and putting maximum pressure on the corporation "to get them to recognise some of the facts of life."

The dispute appeared to stem "from the exceedingly rigid stand of the Government and the determination of the Government to impose its theoretical monetary policies on negotiations, with the result that they have seized up," Mr. Murray said.

BSC, which has had large losses, has offered the steel unions 6 per cent, linked to productivity and other changes, with what it says is the prospect of a further 10 per cent from local productivity deals.

Although the unions do not intend to interfere with production and distribution of steel from the private sector they say *they will not accept private manufacturers' increasing production during the dispute.*

Union officials say that picketing of private steel manufacturers is designed to ensure that this does not happen.

The impact of picketing is likely to vary from area to area and it is unclear how stockholders, some of whom were picketed yesterday, will be affected.

The steel unions could have difficulty in stopping steel imports through small ports, particularly on the East Coast.

Gold soars to $567.5 as metal prices surge

BY DAVID MARSH IN LONDON AND STEWART FLEMING IN NEW YORK

GOLD SOARED $41 to a record closing price of $567.5 in London yesterday as tension over Afghanistan triggered heavy demand for metals and mining shares on international commodity and stock markets.

On the foreign exchanges. the dollar weakened to close at its lowest ever levels against the Deutsche Mark, amid signs of a further drop in U.S. interest rates. The West German Bundesbank supported the dollar with its heaviest intervention for several weeks. Sterling rose more than 2 cents to $2.2420, back to its highest level since mid-September in spite of the steel strike.

Silver gained £2.85 to a peak of £17.25 per ounce on the London bullion market, up 20 per cent from New Year's Eve, when it had already risen by 16 per cent.

Platinum also reached a record high, closing up $65 compared with New Year's Eve at $750 per ounce. The surge in precious metal prices sparked sharp rises for copper and other base metals on the London Metal Exchange.

Gold mining shares in London recorded one of their biggest one-day rises, with the FT gold mines index closing at its highest level since September 1975.

In New York, heavy buying of mining shares temporarily halted trading in the most active stocks on the New York and American stock exchanges yesterday morning.

Among shares in which trading was suspended were Engelhard Minerals and Chemical, St. Joe Minerals, Asarco and Homestake Mining. On the Paris stock exchange, afternoon quotations for gold bullion and coins were suspended after the sharp rise in the morning.

Stock exchange trading generally was fairly narrow after the New Year break in New York and Europe. The unprecedented gains on the London bullion markets also occurred in very thin conditions.

The dollar was under general pressure, dropping to DM 1.7130 from Monday's 1.7250 and SwFr 1.5770 from SwFr 1.5950. The Bundesbank was thought to have purchased about $150m in support intervention throughout the day, buying $24.5m at the midday Frankfurt fixing alone.

Sterling fell against a number of European currencies, with its weighted depreciation remaining unchanged at 70.2.

Jurek Martin reports from Washington: Mr. Paul Volcker, chairman of the Federal Reserve Board, said yesterday the volatile and speculative nature of the gold market demonstrated that the metal was an unsuitable instrument to serve as any form of basis in a stable international monetary system.

Answering questions after an address to the National Press Club, the head of the U.S. Central Bank said that, as far as he was aware, the stae of the gold market was not something "which attracts the close attention of my official colleagues overseas."

The longstanding U.S. Treasury policy of demonetising the role of gold was one "which has my full support," he said.

John Wicks adds from Zurich: The Swiss Government moved last night to clarify the implications of its new tax on retail transactions on gold coins and bullion. M. Francois Landgraf, secretary general of the Swiss Finance Ministry, said Tuesday's announcement that such transactions would be subject to 5.6 per cent sales tax would have no effect on the international gold trade.

Interbank dealing would be unaffected by the measure, and the turnover tax was refundable for export sales.

Commodities news. Page 23

U.S. bank cuts prime

By Stewart Fleming in New York

BANKERS TRUST of New York yesterday cut its prime rate from 15¼ per cent to 15 per cent. This follows the lead of Citibank and some other leading U.S. banks who lowered their prime rates in mid-December.

Since then, however, the U.S. commercial banking industry has been split on what level is appropriate for the prime, with most major banks including Morgan Guaranty Trust, holding the prime at 15¼ per cent.

Bankers Trust said an easing in the cost of its funds accounted for the prime cut. However, some money market economists predict that short-term interest rates could be firm in the early months of the year and that commercial and industrial lending, which slowed dramatically in November and December, could strengthen.

The view is in part based on the assumption that as the U.S. economy slows, corporate financing needs will initially revive because of weakening profits and the need to finance higher stocks.

Iran moves to withdraw funds

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

IRAN IS seeking to withdraw deposits from British banks. Senior London bankers said yesterday that the move became apparent just before Christmas, and seemed primarily to be a reaction by the Iranians against Mrs. Thatcher's statement of support for the U.S. in the crisis over occupation of the Tehran embassy.

It is known that the Bank of England has held at least two meetings with senior management of British banks to discuss the implications of this development. The second of the known meetings, on Friday, was at the request of the clearing banks.

Iranian funds on deposit with British banks in London are said to total about $1bn, though one Iranian banker considers this estimate too low.

More than half the funds are said to be on deposit with the big four London clearing banks, Barclays; National Westminster; Midland; and Lloyds.

One London banker closely concerned with Iran said yesterday that NatWest probably had the largest amount of funds subject to withdrawal.

Concrete evidence of the Iranian move, which has been speculated about for some time, came yesterday from one of the major banks, which conceded that Iran had requested withdrawal of its deposits. The bank said that most of the funds affected were on short-term deposits of less than one year.

In line with the Bank of England's guidance in this matter, the banks are understood not to be allowing such deposits to be withdrawn before their term expires. They do not plan to block the withdrawals.

Mr. Ali Mavi-Rad, head of overseas finances at Bank Markazi, Iran's central bank, told a U.S. news agency that Iran had moved part of her estimated $13bn in overseas deposits from banks in Europe to other countries as a precaution against possible UN sanctions.

It does not necessarily follow that withdrawal of Iranian funds from London will remove liquidity

First, it is thought likely that funds deposited with banks outside London will eventually find their way back through the Euromarkets.

Secondly, there are indications that substantial deposits were switched to non-U.S. London banks after President Carter's decision to freeze Iranian deposits with banks in the U.S.

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SOVIET INVASION OF AFGHANISTAN

Carter looks at options

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

PRESIDENT CARTER yesterday convened a special session of his senior foreign policy and military advisers in the White House to draw up the U.S. response to the Soviet invasion of Afghanistan.

Though officials flatly refused to speculate on what might emerge from the meeting, the principal options appeared to include:

An appeal to the United Nations General Assembly for a resolution condemning Russian aggression. This may incur the risk of the Soviet Union subsequently vetoing any resolution by the Security Council in favour of sanctions against Iran, if the current mission of Mr. Kurt Waldheim, UN Secretary-General, to Tehran fails to secure the release of the U.S. hostages.

● A request to the Senate to defer consideration of the Strategic Arms Limitation Treaty with the Soviet Union. *Officially, the Administration still maintains that SALT should be viewed on its own merits. But the political climate for passing the treaty has worsened materially as a result of the Afghanistan invasion.*

● A cut in trade with the Soviet Union, including the possible banning of future grain sales.

● A symbolic gesture, such as initiating a boycott of this summer's Olympic games, due to be held in Moscow. Theoretically, since the Olympic Games are supposed to embrace individual, not national, competition, the U.S. Government could do no more than advise its citizens not to take part.

● An acceleration of shipments of military supplies to affected countries in the region, particularly Pakistan, which the U.S. has promised to defend. There is concern that such action could adversely affect U.S. relations with India.

The White House session is also taking account of the discussions held by the NATO authorities on Tuesday, at which Mr. Warren Christopher, Deputy Secretary of State, sounded out the allies on a concerted approach.

Meanwhile, the State Department dismissed as "a crude ruse to cover up Soviet imperialism" the charges published in Iszvestia, the Soviet newspaper, that the Central Intelligence Agency was actively supporting the Afghani insurgents.

The Afghan rebellion, the spokesman said, was clearly "the indigenous and self sustaining uprising of a fiercely independent people" and should in the future be seen as a reaction "to the imposition of brute military force."

Red Army spans borders

BY ALAIN CASS IN ISLAMABAD

SOVIET TROOPS are fighting their way across Afghanistan in an arc stretching from the border with the Soviet Union and down the length of the frontier with Pakistan. They are under the command of a Moslem general from Tashkent.

In spite of Moscow's insistence that the Afghan army is doing most of the fighting against rebel forces it is clear that the Soviet invasion is meeting steady resistance both from the rebels and from units of the Afghan army, although most of it is confined to barracks.

The Soviet invasion appears to be bitterly opposed by most Afghanis. The armed resistance by Afghan troops, and a flood of about 400,000 refugees across the border, reported from Pakistan is less a reflection of support for the late President Hafizullah Amin than a sign of entrenched opposition to foreign rule of any kind.

The fact that the Soviet commander in charge — said to be Major-General Moussa Yevanov — comes from the Moslem republic of Uzbekistan on the Afghan border reflects a deep concern on Moscow's part that subduing a country which has resisted foreign domination for centuries may require more than military muscle alone.

Pakistani observers and fleeing Afghan refugees I spoke to at the Khyber Pass crossing into Afghanistan yesterday said that armoured units of the Soviet invasion force had clashed with rebels less than 50 miles from the Pakistani border, near the city of Jalalabad.

Diplomats also report fighting in the north, east and south-east of the country, though reports that Afghan army units and

Continued on Back Page

£ in New York

—	Dec. 31	Previous
Spot	$2.2130-2150	$2.2290-2310
1 month	0.48-0.41 dis	0.48-0.43 dis
3 months	1.26-1.18 dis	1.16-1.10 dis
12 months	4.55-4.40 dis	4.15-4.00 dis

Paris earmarks £840m to soften oil price impact

BY DAVID WHITE IN PARIS

THE FRENCH Government is to pump FFr 7.5bn (£840m) worth of special credits into industrial investments this year in order to soften the impact of the latest oil price increases.

The Cabinet at its weekly meeting decided to authorise this heavy new injection from the State's specialised lending bodies, backing up a package of investment incentives bought out in April last year.

It said the measure was aimed at stopping investment programmes from running out of steam as the country's oil bill soars by about 40 per cent to an anticipated level of over FFr 100bn (£11.17bn) for the year. The funds are to be channelled into investments for creating jobs, saving energy and increasing exports, the Government spokesman said.

At the same time, M. Raymond Barre, the Prime Minister, has commissioned a report on the taxing of oil companies. The Ministries of the Budget and of Industry are due to come up with joint proposals in March.

Price increases on refined oil products, including petrol, are to be announced today, reflecting the series of crude price rises ensuing from last month's OPEC meeting in Caracas. Gas and electricity rates are also due to to go up.

In addition the rise in rates, likely to be more modest than those for gas and petrol. The French electricity generating board is to be given extra backing to help finance its nuclear programme. This includes a rise in state contribution and an improvement in the board's borrowing terms.

To gain acceptance for decisions taken in the light of the oil problem, President Valery Giscard d'Estaing told his Cabinet an "intense explanation effort" would be needed, as well as compensatory social measures. As the first of these, the Government is offering special assistance to pensioners and handicapped people to offset the rise in energy prices.

Fewer easterners, more westerners visit Hungary

BY LESLIE COLITT IN BERLIN

HUNGARY, Eastern Europe's leading tourist country, reports that there was a sharp drop last year in the number of east European shoppers visiting the country, mainly on one-day trips to buy products in short supply at home. However, there was a steep rise in tourism from the West that brought in a record amount of hard currency.

Millions of Polish and Czechoslovak shoppers have been attracted to Hungary in the past by the abundance of consumer goods. Poles flew from Warsaw to buy the more fashionable Hungarian clothing as well as foodstuffs. Hungary put an end to this by introducing stringent exchange regulations requiring Czechoslovaks and Poles to change larger amounts of their currency into Hungarian forints, thus making short stays unprofitable. Limitations were also imposed on the amount of food that visitors could take home.

The drop in shoppers from eastern countries is expected to have led to a fall in the total number of visitors in 1979 to 16m from 17m in 1978.

The Budapest Review reports that the number of visitors from "capitalist countries" had risen 25 per cent to 1.9m by the end of October 1979. Of the total, 1.2m were tourists. The largest single nation increase was from Austria—up 280,000 as a result of the abolition of visa requirements for Austrian citizens.

Hungary's hard currency income from western visitors rose 55 per cent. The review says one reason was that the percentage of their spending made up of legally exchanged currency had risen. Hungary improved the tourist exchange rate for western currencies by 14 per cent last year, thus bringing the rate closer to the black market figure.

Austrians expect 50% cut in growth

By Paul Lendvai in Vienna

AUSTRIA'S ECONOMY will grow this year by 2.5-2.2 per cent compared with the 5 per cent estimated for 1979, according to the Institutes for Economic Research and for Higher Studies.

The rate of inflation is expected to rise from 3.6 per cent in 1979 to 4.75 per cent this year, and the visible trade deficit to increase from Sch 59.5bn (£2.1bn) to Sch 72.4bn (£2.6bn). The shortfall on current account should widen from Sch 24.9bn to Sch 31bn.

The institutes' figures represent a downward revision of forecasts made last September. The higher fuel bill in the wake of the latest oil price increases is expected to be at least Sch 43bn—Sch 10bn up on the 1979 figure.

As a result of slower growth and restrictive budgetary policy, real earnings are forecast to stagnate or possibly fall slightly. In contrast, investments in real terms should rise by 3.5 per cent and industry is expected to increase capital spending by 13 per cent.

Unemployment, however, is thought likely to rise only marginally from 2 per cent in 1979 to 2.4 per cent this year. But the fact that the number of foreign workers will be cut by 10,000 should not be overlooked.

Compared to most other countries in Europe, the Austrian performance is still likely to be better than average. Last year, Austria was foremost in terms of stability and growth. However, both Chancellor Bruno Kreisky and his deputy, Mr. Hannes Androsch, the Finance Minister, have warned that the country's economic situation will deteriorate.

Speaking in a New Year radio broadcast, Mr. Kreisky underlined that the maintenance of full employment and of the strength of the Austrian schilling will remain the priority objectives of economic policy. Modernisation of industry and aid for the less developed border regions have also been mentioned as important targets.

Chilly New Year message for Hungarians

BY OUR VIENNA CORRESPONDENT

HUNGARIANS HAVE been told by their leaders that they face frozen wages and static living standards for the foreseeable future.

Mr. Gyorgy Lazar, the Prime Minister, and Mr. Lajos Faluvegi, Finance Minister, have said that only through restored economic equilibrium and a sustained increase in efficiency, output and profitability can they hope for a further growth of real incomes.

Speaking in the Budgetary debate in Parliament, Mr. Lazar warned that the new economic regulators coming into force this year would weed out inefficient producers and enforce a large-scale re-deployment of labour.

Economic growth this year is expected to be 3-3.5 per cent against 1-1.5 per cent last year. The Government has repeatedly warned that a great deal still remains to be done in adapting the economy to changed international conditions.

Mr. Faluvegi said Hungary's hard currency trade deficit was halved last year compared with 1978, and hinted that the country would be more "restrained" in external borrowing during 1980. Consumer prices would be up by 3.7 per cent this year, following an unprecedented 9 per cent jump in 1979, he added.

In accordance with the new austerity measures aimed at putting the economy on a more *self-supporting* basis, investments this year will be 20 per cent down on last year's figure.

After rises of 17 per cent in real wages and 21 per cent in real incomes during 1973-79, Mr. Faluvegi admitted that real incomes this year would be slightly lower than in 1979. This year, and probably for a few years after, Hungary would be able only to maintain its already-achieved standard of living, "*taking the society as a whole.*"

The Government had ordered a thorough supervision of the business activities of 31 enterprises and 22 large agricultural complexes, the Minister added. Several major State concerns had received financial assistance "to overcome their problems."

Denmark's foreign debt rises

Denmark's net foreign debt rose from DKr 61bn to DKr 80bn (£6.76bn) in 1979, or to 23.4 per cent of last year's gross domestic product, provisionally estimated to be DKr 341bn, according to the Bureau of Statistics. The current balance of payments deficit rose from DKr 7.7bn in 1978 to DKr 15bn, writes Hilary Barnes in Copenhagen.

The GDP rose 3 per cent in real terms last year compared with 1 per cent in 1978. Imports rose 7 per cent, exports 8 per cent, public consumption 6 per cent and private consumption 2 per cent, while new fixed investment fell 0.5 per cent.

Industrial output is estimated to have risen by 3 per cent, agricultural output by slightly less and building and construction fell about 5 per cent. Unemployment was reduced from an average level of 7.4 per cent in 1978 to 6.2 per cent. Consumer prices over the year rose almost 12 per cent.

Reksten retrial bid

Norway's Attorney-General is to appeal against the acquittal last month of Mr. Hilmar Reksten on all major charges of tax frauds and violation of currency regulation, Reuter reports from Oslo. The Attorney-General's office said that should the Supreme Court reject a retrial, the Attorney-General would seek a retrial

Gibraltar election

A general election is to be held in Gibraltar on February 6, although one was not due until autumn next year. Our Gibraltar correspondent writes that the Chief Minister, Sir Joshua Hassan, has decided to call an election at a time when his Labour Party is at its strongest ever in the Gibraltar House of Assembly.

W. German chemicals confidence

BY KEVIN DONE IN FRANKFURT

WEST GERMANY'S chemicals industry is entering 1980 confidently, with order books standing at a high level. Some of the major companies in the industry, Hoechst, Bayer and BASF have enjoyed their second best year of the decade with sales booming and profits staging a sharp recovery.

The West German Chemical Industry Association says that sales for the entire sector have broken the DM 100bn (£26bn) barrier for the first time. The value of chemicals sales rose in 1979 by some 15 per cent compared with 1978.

Much of the increase was caused by surging demand for petrochemical products, as customers built up stocks ahead of price increases arising from the series of rapid jumps in the price of crude oil.

The *biggest contribution to the growth of the general* industry came from exports, which increased by some 20 per cent in 1979 compared with 1978, to a valution estimated at some DM 44bn (£11.5bn). Exports accounted for about 43 per cent of the industry's total production.

At the same time, imports of chemicals also rose sharply by some 25 per cent to reach a value of about DM 25bn.

Price rises during the year, particularly for petrochemicals products such as plastics, which were under severe pressure in much of 1978, contributed a lot to the industry's higher figures. But there was also a 6 per cent real growth in the volume of production.

The higher level of capacity utilisation led to a direct improvement in the chemical industry's profitability, said the association, particularly for high volume products.

Chemicals prices rose sharply during 1979, with the industry's price index increasing by an *average of 7 per cent. But the industry warned that companies* had still not passed on the entire increases in raw materials costs. The price of naphtha, the major oil feedstock for the manufacture of basic petrochemicals, had increased by more than 100 per cent during 1979.

Despite the present high level of order books, the chemicals association sounds some warning notes about the development of the industry in the second half of next year. Rising oil prices will lead to a slowing of growth in both domestic and foreign markets, and the present high level of customer stocks adds a major factor of uncertainty.

Compared with the heavy organic chemicals sector, consumer products have shown a rather slower growth during 1979. Sectors such as pharmaceuticals, cosmetics, detergents, and paints have all shown growth rates below the average for the industry.

Pharmaceuticals has had to rely for much of its growth on export markets, *with foreign sales rising by some 14 per cent* in the first nine months of last year compared with the same period *in 1978* to reach a value of *DM 3.7bn (£970m).* Pharmaceuticals imports rose during the same period by 16.4 per cent to DM 2.2bn.

Dutch forecast a slower 1980

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH chemical industry forecasts a slow-down this year following a "generally good" 1979. Stocks built up by customers last year to cushion against political and economic uncertainties will probably be drawn on in 1980, said Mr. Eppie Ter Horst, chairman of the chemical industry association (VNCI).

Volume sales are expected to rise by only 2-3 per cent this year following the 6 per cent rise in 1979. Cash sales went up 19 per cent last year to about Fl 25bn (£5.9bn).

Investments are expected to decline to Fl 1.31bn (£310m) from Fl 1.34bn last year. The chemical industry forms an important part of the Dutch economy accounting for 13 per cent of industrial turnover and 18 per cent of all exports.

The most successful chemical sector in 1979 was pigments and dyes where volume growth was 15 per cent. Volume sales this year are expected to be unchanged, however. Organic products sales will rise only 1 per cent this year compared with 12 per cent in 1979, while plastic sales will increase by 3 per cent compared with 10 per cent.

Sales of pharmaceuticals fell 4 per cent last year but will be unchanged in 1980. Cosmetics sales are expected to fall 1 per cent after a decline in 1979 of 2 per cent.

A major problem facing chemical companies is the price of naphtha which has doubled in the past 12 months. The industry has been able to pass on these higher costs in prices but it is unclear whether it can continue to do this. Naphtha now accounts for 85 per cent of the price of chemical intermediate products.

Chemical producers also face a shortage of skilled production workers despite the high level of unemployment

D-mark up 3.7% over year

By Our Frankfurt Correspondent

THE DEUTSCHEMARK appreciated in value by 3.7 per cent during 1979 aginst the currencies of West Germany's 23 leading trade partners, the Bundesbank, said yesterday. The major appreciation was shown against the Japanese Yen, which has fallen sharply on foreign exchange markets in recent months. Over the last 12 months the value of the yen has fallen by 29.9 per cent.

The relatively strong performance of sterling during the past year means that this was one of the few currencies to record a gain against the D-mark during 1979. The Deutsche Mark was effectively devalued against sterling by 3.6 per cent over the past 12 months, as a result of sterling being buoyed up by rising oil prices.

The value of the D-mark increased against the U.S. dollar by 5.6 per cent, and this process has continued in the first dealings of the new year with the dollar being marked down to $1.71 on the Frankfurt foreign exchange markets.

Within the European monetary system the D-Mark showed an average gain of 2.3 per cent against other member currencies with the strongest appreciation shown against the Danish krone in a rise of 11.7 per cent.

● The West German federal railways plans a DM 700m-DM 750m loan to be issued on the domestic bond market next week, officials of the railways finance division told Reuter in Frankfurt.

The West German Industry Federation meanwhile, says increasing foreign trade burdens on the economy, mainly from rising oil prices, will reduce the room for growth this year. In an economic forecast, it said the outlook for economic and social progress was good, however, if everyone was prepared to renounce excessive demands.

Giving a push to the Community's transport development

BY JOHN WYLES IN BRUSSELS

AN INVITATION to discuss "transport infrastructure" usually sparks a rush for the door in the European Economic Commission.

But Britain's demands for a substantial reduction in its expected £1.2bn net contribution to the EEC's 1980 budget will probably bring the subject closer to the limelight.

This will be gratifying to Mr. Richard Burke, the EEC Transport Commissioner, who has been trying to generate interest for three years. An indication that his perseverance was paying off came in November when the Commission published his long-awaited Green Paper.

A seed had been sown, for a week later the Commission finalised a document for the heads of government summit in Dublin naming transport infrastructure as an area in which Community spending in Britain might be boosted.

Spending on coal and agriculture was also mentioned but it was the opportunities in transport which received the least tepid reception from leaders of the Nine.

The summit's final communique ordered the Commission to undertake a deeper examination of the possibilities of channelling more Community funds into Britain in the areas of coal, agriculture and . . . transport restructuring.

That the summit did not throw transport out on its ear was significant because the only EEC grants in this area are through the European Regional Development Fund, which limits both their geographical scope and their financial size: throughout the Community they add up to only about £35m. At this level they could make little dent in Britain's EEC budget deficit, which means heads of government may have had something else in mind.

If so, this could be an opportunity for Mr. Burke to breathe life into a Commission proposal first tabled in June 1976. It provided for a financial regulation to allocate a specific section of the Commission's budget for projects which are of special importance to the Community but which founder on lack of national interest or on the unwillingness of national governments to provide funding.

The proposal did not take off, mainly for political reasons. Adding a new expenditure section to the Commission's budget upsets some countries because it adds to the powers of Brussels. Others are unenthusiastic because they see no immediate financial advantages to themselves; the West Germans are wary because they know they will have to carry a heavy share of the cost.

But Mr. Burke's Irish enthusiasm is bubbling because the events of recent weeks offer him an unprecedented opportunity to mobilise political support behind his goal of greater Community involvement in developing transport infrastructure.

He has support in the European Parliament. The controversial amendments to the draft 1980 budget which culminated in confrontation with the Council of Ministers and Parliament's eventual rejection of the entire budget included a modest £32.5m for transport spending. This was a Parliamentary gesture designed to underline its desire to weaken the dominance of agriculture in the EEC budget.

Thus, there is a possibility that when Parliament and the Council agree on a compromise budget a sum may be earmarked for new transport links.

This would give a strong push to Mr. Burke's efforts to persuade the Nine to adopt the Commission's proposed financing regulation legally empowering the Community to fund certain projects.

Equally important will be the delicate behind-the-scenes negotiations to settle the British problem. Mr. Burke's dreams probably include a heads-of-government summit in March, committing the Nine to adoption of the financing regulation as part of a solution to the wrangle with Britain.

This would make real the possibility of EEC involvement in financing a Channel bridge or tunnel. In seeking to define transport links in which the Commission could become involved, Mr. Burke's Green Paper dutifully presented a list of projects which offered benefits to each EEC member.

The project selected for a study by the consultants Coopers and Lybrand to help define criteria for determining community interest in various schemes is the various alternatves for a cross-Channel link.

The Coopers and Lybrand work is to help determine the Community advantages in such a link, not to decide the relative desirability of one scheme over another. British Rail and SNCF, the French national railway, have already produced a joint plan for a tunnel. Thus Britain's desire for more EEC money, a measure of Anglo-French agreement on a project and a growing desire within the Commision to produce a more credible common transport policy as mandated by the Treaty of Rome may yet conspire to move the EEC out of one particular policy rut and add developing transport links to the Commission's budgetary problem.

But it is too early to conclude that this will happen. The balance of prediction in the EEC must always point towards inaction or slow progress.

The abandoned Channel Tunnel (right) is one transport project which EEC Commissioner Richard Burke (left) hopes may receive Community support

Call for 21 to be tried over Moro tragedy

ROME — An Italian prosecutor yesterday demanded that 21 people be brought to trial on charges related to the kidnapping and killing by Red Brigades terrorists of Sig. Aldo Moro, the former Prime Minister. At the same time, he urged that the case against three Left-wing intellectuals, Prof. Antonio Negri, Sig. Franco Pipermo and Sig. Lanfranco Pace, be separated from the trial of the others to allow deeper investigations. The three are alleged to be the ideological brains behind the terrorists who kidnapped Sig. Moro in 1978 and killed him after 54 days' captivity.

Sig. Guido Guasco, the prosecutor, asked that six people be brought to trial for both the ambush in which Sig. Moro was seized by gunmen who killed his five bodyguards, and his later assassination.

AP

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Waldheim talks 'satisfactory,' say Iranians

BY SIMON HENDERSON IN TEHRAN

TALKS between Dr. Kurt Waldheim, the United Nations Secretary-General, and the Iranian Foreign Minister, Mr. Sadegh Qotbzadeh, were described as satisfactory by the Iranian side yesterday. But at the end of Dr. Waldheim's first full day in the Iranian capital little progress appeared to have been made towards resolving the issue of the U.S. hostages held in Tehran.

Dr. Waldheim had a three-hour meeting with Mr. Qotbzadeh in the morning. The Minister said afterwards that the UN Secretary-General now understood Iran's point of view for the first time.

An afternoon visit to a convalescent home to see people who had suffered under the Shah's regime was delayed because of a demonstration. High school students supporting the militants holding the hostages at the U.S. embassy had called for the demonstration, saying that there should be no negotiations with the UN envoy.

Dr. Waldheim's itinerary for today is not known but it seems that his trip is likely to become the fact-finding mission that the Iranians have called it.

Iran has insisted throughout on seeing the crisis as a struggle to free itself of the legacy of past U.S. policy towards Iran. It appears that if Dr. Waldheim is to make any progress he will have to learn about the split power structure in Iran as well as the history of the country's arguments with the U.S.

The generally accepted analysis of the power division at present sees Ayatollah Khomeini as isolated by the ruling Revolutionary Council during Dr. Waldheim's visit. The council is thought to be anxious to find a way of releasing the hostages so as to defuse the crisis. Yet the Ayatollah is capable of damning the visit with a word.

The Revolutionary Council seems to be trying to avoid that fate by not allowing the Ayatollah to make a comment. Two council members have told journalists that Khomeini is not prepared to meet Dr. Waldheim but have refused to allow themselves to be quoted, and have discouraged the story in the domestic Press.

A foreign news agency which rang up the Ayatollah's office in Qom and gained the same information, found itself under criticism from the Foreign Ministry for carrying the story.

Dr. Waldheim: delayed by demonstration

Dr. Mohammed Beheshti, secretary-general of the council, held a Press conference yesterday at which he did not mention the return of the Shah as a condition for the hostages' release. Using words described by reporters as "very vague," he said the creation of a real possibility of a trial of U.S. policy in Iran, the Middle East and the Third World would help.

It is not known how long Dr. Waldheim intends to stay before returning to New York for a Security Council meeting next Monday at which the imposition of economic sanctions against Iran is to be discussed again. But given the difficulties, a diplomat in Tehran was still able to describe himself yesterday as cautiously optimistic about the outcome of the Waldheim visit.

Patricia Newby reports from Canberra on Australia's prospects for the 1980s

Fraser hopes to strike it lucky

THE AUSTRALIAN Government has unveiled plans for development of the country's abundant coal reserves in the 1980s to provide power for infrastructure projects and to meet international demand for alternative energy sources as oil prices rise.

The six Australian state governments and the federal Government have agreed to borrow abroad A$ 800m (£400m) for coal-fired power generating projects in addition to A$ 1.7bn which the governments agreed to borrow a year ago for infrastructure projects. A feasibility study is already under way into the electrification of the Sydney-Melbourne rail link.

The strategy for the 1980s is to capitalise on the expected dramatic increase in the demand for Australian coal both domestically and internationally. Much of the development will focus on Australia's largely untapped steam-coal deposits which are suitable for power generation. Long-term export contracts for coking coal used in the steel industry have already been written and Japanese Steel Mills are currently considering opening another coking coal mine in Australia.

Part of domestic demand will come from plans to increase Australia's aluminium smelting capacity from the present 257,000 tonnes a year to 2.5m tonnes by the end of the 1980s.

Mr. Malcolm Fraser, the Prime Minister, is anxious that the country's development in the next decade should not be hindered by lack of energy. Tax concessions for industries converting from oil to coal have been extended to 1984.

At the same time a survey of 74 mining companies by the Australian Mining Industry Council shows that the industry expects to spend A$1bn in capital works requiring energy, a 22 per cent increase over the previous financial year.

King coal will also be used to attract foreign investment and operations in Australia to make use of cheap energy, broadening the industrial base and providing employment opportunities.

Although most commentators believe these developments have a sound economic basis, the Fraser Government is extracting the maximum mileage out of them with unemployment likely to be an issue in the next federal election.

Mr. Fraser and his Ministers have made six speeches recently on the theme of "Australia—the lucky country." Mr. Fraser described the 1980s as "an exciting decade that will see development and investment unparalleled in our country."

Mr. Malcolm Fraser: aid to election prospects

He said Australia entered the decade with abundant resources, nearly 70 per cent self-sufficiency in oil, a lower inflation rate than the average of members of the Organisation for Economic Co-operation and Development and the country's trading partners. Exports were up about 17.4 per cent this year, imports were down and Australian industries were more competitive than they had been for many years, Mr. Fraser said.

In the stock market the all-ordinaries indices on the Sydney and Melbourne stock exchanges have risen to new peaks in the past few weeks.

The tide of capital outflow in September and October reversed in November despite higher interest rates in Britain and the U.S. There was a balance of payments surplus last month after deficits in September and October and unemployment fell unexpectedly for the first time for two years to 5.4 per cent of the workforce.

The mood of optimism with which the Government wants to imbue the people is helped by higher international reserves, growing wealth in the member countries of the Association of South East Asian Nations (ASEAN), which offers expanded markets for industrial goods, and bumper wool and wheat production.

However, while not denying Australia's inherent advantages as it faces the 1980s, some commentators have suggested that all that glisters is not gold.

Mr. Maximilian Walsh, managing editor of the Australian Financial Review, described Australia in his recently published book "Poor Little Rich Country" as a "willing quarry for the rest of the world during the 1980s, but little more than that."

Mr. Walsh and others say that the development planned for the 1980s will not remove unemployment as most of the projects envisioned are capital intensive. It is predicted that divisions may develop within society between the employed and the jobless leading to social tension and a rise in crime.

Australia's political stability is contrasted with its poor record on industrial harmony and there are indications that the 10 per cent inflation rate will rise because of prospects of a wage push following several years of centralised wage fixing.

The Industries Assistance Commission and the Institute of Applied Economic and Social Research have gloomily forecast that Australia's high tariffs on manufactured goods are leading to a distorted industrial base that will never be competitive in world markets.

After several years of recession, many Australians are only too ready to warm to Mr. Fraser's lucky country theme and to believe in coal-powered and even diamond-studded future—if encouraging reports of diamond discoveries in Western Australia come to fruition.

Rise of 47% expected in Bahrain's oil income

BY OUR BAHRAIN CORRESPONDENT

BAHRAIN'S oil income is expected to rise 47 per cent by 1981, according to the second two-year Budget presented by Mr. Ebrahim Abdul Karim, Minister of Finance and National Economy. Oil now provides 70 per cent of total revenue, against 60 per cent in 1978-79.

But as production from the Bahrain field falls by 5-6 per cent a year, more reliance will be placed on Bahrain's half-share of income from Saudi Arabia's Abu Safa field. This already accounts for 54 per cent of the $1.25bn (£570.7m) contribution from oil.

At Bahrain dinars 680m ($1.8bn), the Budget is 21 per cent bigger than two years ago. Of this, $1bn is allocated to recurrent expenditure, with wages and salaries for Government employees accounting for 55 per cent. Civil Service manpower is projected to increase 13 per cent to 21,500 by 1981.

Capital spending, at $790m, shows an increase of only 8 per cent over the last Budget allocation. But a further injection of funds into the economy will come from various Government associated projects.

These include the $150m expansion for Bahrain's aluminium smelter, the $350-$400m petrochemicals plant in partnership with Kuwait, and a $100-$120m aluminium rolling mill in partnership with Saudi Arabia. These will be financed partly from shareholders' equity and partly from loans.

Infrastructure projects already underway will use up about $255m of the 1980-81 Budget allocation. Funds will be distributed among new projects, with power accounting for $210m, housing $160m, roads $45m, and education $34m.

Refugee ship not part of a conspiracy

HONG KONG — The captain and four crew members of the freighter Skyluck, which brought 2,642 Vietnamese refugees to Hong Kong last year, were acquitted of conspiracy charges yesterday.

The five, all Taiwanese, were accused of conspiring to defraud the colony's Government by making false statements.

The Hong Kong-owned Skyluck arrived last February. The authorities refused to admit the refugees and the vessel remained anchored off Lamma Island, west of Hong Kong, until June 29. The refugees then cut the anchor chains so as to beach the freighter.

The court acquitted the captain, Hsiao Hung-pin, 42, and crew because it found the intention was to take the refugees to the Philippines, not to Hong Kong.

Reuter

5% rise in Israel GNP for second year running

BY L. DANIEL IN TEL AVIV

ISRAEL'S gross national product rose by 5 per cent in 1979 for the second year running. Inflation reached 115 per cent, and the balance of trade deficit increased by $730m to $4.14bn, according to figures issued by the Central Bureau of Statistics.

Private consumption grew by 7 per cent and public consumption declined by 3 to 4 per cent, due largely to a reduction in defence imports.

Exports increased by only 1.6 per cent in real terms as a result of a slump in diamond sales. Other industrial exports jumped by 20 per cent. The overall rise in exports compares with an increase of 3 per cent in 1978, 12 per cent in 1977 and 16 per cent in 1976.

The drop in the value of the Israeli pound failed to match the rise in inflation. Even sterling, which appreciated most vis-à-vis the Israeli pound, increased in value by less than 100 per cent, and the dollar by less than 90 per cent.

Bid to tighten grip on Arab land

BY DAVID LENNON IN TEL AVIV

ISRAEL is seeking to tighten its legal controls over privately-owned Arab land in the occupied territories in a way which will fall just short of the outright annexation ruled out by the Camp David agreement.

Mr. Shmuel Tamir, Minister of Justice, said yesterday that the Government's legal adviser was preparing "a wide range of options" for changing the legal status of private Arab land on the West Bank and Gaza Strip.

The legal adviser was asked to prepare these options for presentation to the Cabinet, which in a few weeks, is due to debate the legal status of the Israeli settlements in the occupied territories.

Mr. Tamir announced the move at a meeting with a group of Knesset (Parliament) members who want to ensure the future status of the settlements. They are concerned that the legal precedent set by the Supreme Court ruling that the Eilon Moreh settlement was established on land seized illegally would affect existing and planned settlements.

The Cabinet would study the options and decide the political consequences of each, the Minister added.

His intention was to ensure that Jewish settlements could continue without legal impediments: "The aim is to prevent problems in the future."

The Government coalition yesterday easily defeated no-confidence motions in the Knesset over the Cabinet's decision to postpone the evacuation of Eilon Moreh.

Rhodesia poll registration delay

BY MARK WEBSTER IN SALISBURY

THE 11 political parties which have registered for the February election in Rhodesia now have until January 14 to decide what names and abbreviations they wish to use for the ballot.

The parties originally had until December 31 to register, and the delay in finalising the registration was necessary to allow the Patriotic Front to decide whether it will stand as one party, or whether the two wings — Mr. Robert Mugabe's Zimbabwe African National Union, and Mr. Joshua Nkomo's Zimbabwe African People's Union — will stand independently.

Confusion also exists over the fact that there are two ZANU parties — one claiming loyalty to the Rev. Ndabaningi Sithole and the other to the Patriotic Front. One or both of them may be obliged to change their name.

Of the 11 parties, only four are likely to command any widespread support, with five others having at best a chance of picking up one or two of the 80 seats in the new Parliament. Many of the parties display strong tribal affiliations and are counting on the system of proportional representation.

The biggest unknown factor in the election will be the backing for the two wings of the Patriotic Front. They did not contest the April, 1978 internal settlement elections but they are thought to have considerable support.

The largest of the remaining parties is the United African National Council, led by Bishop Abel Muzorewa, the former Prime Minister. He gained 51 of the 72 black seats in the April elections but subsequently lost some to desertions to other parties.

The most significant defection from UNAC was by Mr. James Chikerema who took eight MPs with him to form the Zimbabwe Democratic Party. He will fight the next elections independently.

Two moderate black parties which contested the April elections are standing again in February, but are not expected to do well. The United National Federal Party led by Chief Kayisa Ndiweni won nine seats in April, but will meet stiff opposition from the returning ZANU wing of the Patriotic Front.

Chief Jeremiah Chirau's Zimbabwe United People's Organisation did not actually win any seats in the last ballot but came close in some constituencies.

AMERICAN NEWS

Presidential front runners stand aloof from Iowa

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

THE AMERICAN electoral season begins in earnest less than three weeks from now, but it appears that the critical first act, to be played in the Mid-western state of Iowa, will go on stage without the two leading performers.

Both President Jimmy Carter and Mr. Ronald Reagan, currently the leaders for the Democratic and Republican Party presidential nominations, will not take part in a pair of debates between the candidates.

Mr. Carter has pleaded pre-occupation with international affairs in withdrawing from the debate scheduled for next Monday with Senator Edward Kennedy and Governor Jerry Brown, which he had been so eager to enter a couple of months ago when he trailed Mr. Kennedy badly in the public opinion polls. As a result, the Democratic debate has been cancelled.

The dramatic rise in Mr. Carter's popularity stemming from patriotic support for his policies over Iran has once again, if temporarily, conferred on him the mantle and advantages of incumbency.

His advisers now believe that, with the Kennedy campaign off to a stumbling start and with with Governor Brown's candidacy apparently unable even to take off, the best place to wage political war is from the highly visible White House.

On the Republican side, the Reagan strategy has been to keep the candidate above the fray. He never had any intention of participating in his party's debate in Iowa, due to take place this Saturday, and thus run the risk of being toppled from his front-runner's perch by some mis-statement in the hurly burly of debate.

The Reagan side also believes that so well organised and financed are the campaigns in individual states—and so well known is Mr. Reagan's position on a variety of issues—that this is a low risk approach. Certainly the Iowa polls suggest that Messrs. Connally, Baker, Bush et al will be hard pushed to defeat Mr. Reagan in the party caucuses on January 21.

President Carter ought to be less confident in his confrontation in Iowa with Senator Kennedy. Iowa is not a predictable state, with its generally prosperous mix of agriculture and industry, it tends towards conservatism (which ought to help Mr. Carter) but has a history of intermittently espousing liberal views (a potential bonus for Mr. Kennedy).

Organised labour, especially the car workers union, is quite strong in Iowa and is pulling for the Senator, on the other hand, one of the two principal teachers' unions is also effective in the state—and is supporting President Carter. The rural areas are thought to be leaning towards the President but that preference could be altered if the President decided to show his disapproval of the Soviet invasion of Afghanistan by barring future sales of American grain to Russia.

Mr. Carter must also be concerned that the Iowa Democratic faithful will heed Mr. Kennedy's complaint that, international crises notwithstanding, the President ought to meet his obligation to face the electorate. This could be compounded if, over the next two and a half weeks, the freedom of the hostages in Tehran is not secured.

Certainly all the Republican candidates are bound to stress foreign policy in their expositions on Saturday night. This week, Mr. William Brock, the National Party chairman, gave them licence to do so when he declared that Mr. Carter had been engaged in a "policy of deception" by invoking national unity over Iran in order to cover up fundamental weaknesses in the conduct of foreign policy that had made possible both the seizure of the embassy in Tehran and the Soviet invasion of Afghanistan.

Nevertheless, the bottom line for both parties and all candidates in Iowa is likely to be the effectiveness of grass roots organisation. The Carter effort there is reckoned to be tested and professional, probably better at this stage than Mr. Kennedy's.

On the Republican side, it is thought that the Reagan organisation is equally proven: neither Senator Baker, in particular, nor, in spite of his wealth, Mr. Connally have yet shown themselves to possess well-run campaigns. The experts expect Mr. George Bush to do well, however, largely because they have been impressed by his ability to turn out supporters in strength in several non-binding straw votes in assorted states late last year.

President Carter . . . pre-occupied with international affairs

U.S. group accuses Argentina

NEW YORK—Argentina has been accused by a U.S. research group of being Latin America's worst violator of human rights, with responsibility for possibly the largest number of politically motivated killings in the region's history.

The Council on Hemisphere Affairs, a private group which issues annual reports on political freedom in Latin America, also named Uruguay, Chile, Guatemala and Paraguay as other major human rights violators.

On Argentina, the council said no effort had been made to account for the fate of more than 15,000 people thought to have been detained since the military seized power in early 1976.

"As tragic as it may be, at this late date we have to recognise the fact that most of the detainees are undoubtedly dead, killed after falling into the hands of state security forces," it said.

Reuter

Brazilians order inquiry into attack on Cardinal

BY DIANA SMITH IN BRASILIA

PRESIDENT Joao Figueiredo has ordered a Government inquiry into the volent attack on Cardinal Vicente Scherer, the 77-year-old primate of Porto Alegre, capital of the far southern Brazilian state of Rio Grande do Sul.

Cardinal Scherer, leaving Nossa Senhora da Medianeira church after midnight mass on New Year's Eve, was set upon by two assailants, forced into his car and driven to a remote area where he was robbed, beaten up, stabbed eight times, stripped of his clothing, and abandoned. He is now in hospital.

The National Conference of Brazilian Bishops has expressed grave concern at the latest attack on a senior member of the church. "Everything leads us to believe in a possible escalation of violence against churchmen," the conference said in a communique issued on New Year's Day.

On December 22 the home of Bishop Luciano Mendes, of Sao Paulo, was raided and ransacked. On December 20, a bomb exploded in the cathedral church of Nova Iguacu, a suburb of Rio de Janeiro, destroying the high altar.

It has become clear that the bombing attack on Nova Iguacu cathedral was politically motivated, aimed at Dom Adriano Hipolito, Archbishop of the diocese. In the 1970s Dom Adriano, who sympathised with opponents of the military regime, was kidnapped and maltreated by extreme Right-wingers. It is presumed that the December 20 bomb was placed by the Communist Hunting Commands, which has already shown its displeasure at the political liberalisation promoted by President Figueiredo.

If the attack proves to have been merely an ordinary crime, it will be an illustration of the frightening violence that affects Brazil's urban centres. In Rio de Janeiro alone, 56,000 violent crimes were committed in the first eight months of 1979.

UN impasse on Security Council seat

By Our UN Correspondent

The United Nations Security Council has begun 1980 one member short of its full complement of 15 nations, creating an unprecedented constitutional crisis which could spell trouble for future efforts to deal with the Iran problem, and possibly also with events in Afghanistan.

The General Assembly, which adjourned on New Year's Eve after its 148th attempt failed to break a deadlock between Soviet-backed Cuba and Western-backed Colombia, contenders for the remaining seat, will try again tomorrow in further rounds of secret balloting.

A two-thirds majority is required for election. Although Cuba has been consistently ahead of Colombia since the balloting began on October 26, it has been unable to break the Colombians' "blocking third," estimated at a minimum of 53 votes in the 151-nation assembly.

Five times over the years such impasses have been resolved by agreement between contestants to divide the two-year Council term. The Cubans have adamantly rejected this solution, although it is acceptable to Colombia, on certain conditions.

If the Security Council were not already in the midst of dealing with critical matters, the problem created by the deadlock would not be so acute, because most delegates believe that eventually it will be solved.

But with a Council session scheduled for next Monday to review the Iranian situation and possibly begin considering sanctions if the American hostages have not been freed, any question about the legal authority of the UN's only enforcement body could pose serious difficulties for the U.S. and other supporters of a trade embargo.

Similarly, efforts by some Islamic states to involve the council in the events in Afghanistan might suffer.

In the General Assembly on Monday, Dr. Erik Suy of Belgium, the UN legal counsel, at the request of the United States, made public an opinion he had already given privately to Mr. Salim Ahmed Salim of Tanzania, the Assembly president, that a 14-member council could function.

Undesirable though this was, such a Council could also hand down binding decisions, Dr. Suy insisted. But the Assembly declined to accept or reject this opinion, and the Soviet Union, in effect, rejected it.

The Soviet delegate said Dr. Suy's advice had "no legal or political significance, since it lies beyond the functions established for the secretariat or the General Assembly, in accordance with the UN charter." Only the Council itself could resolve matters concerning its activities, he said.

The Russians seemed, therefore, to be readying a challenge should a bid be made to raise the Afghanistan question. Earlier in the day, Mr. Oleg Troyanovsky, the chief Soviet delegate, hinted that he was prepared to use the veto to lock sanctions against Iran.

The present 14 members of the Council are: Bangladesh, Britain, China, East Germany, France, Jamaica, Niger, Norway, Philippines, Portugal, Soviet Union, Tunisia, United States and Zambia.

JAMAICA AND THE IMF

A plea to bend the rules

BY CANUTE JAMES IN KINGSTON

THE JAMAICAN Government is preparing proposals to put to the International Monetary Fund (IMF) seeking a waiver of conditions under which the island will continue to have access to desperately needed loans.

Negotiations with the IMF follow the failure of the economy to satisfy a criterion set by the fund. The Jamaican foreign reserves shortfall should not exceed $370m at the end of December, according to the IMF, but Mr. Eric Bell, the Finance Minister, has said the shortfall is likely to be $500m. If so, the island will not get any more funds until it reaches agreement with the IMF.

Jamaican financial officials have reason to be worried by the situation. The failure to meet the domestic assets criteria set by the IMF in December 1977 torpedoed a previous agreement for $70m and led to an immediate 15 per cent devaluation of the Jamaican dollar, followed by another 15 per cent over the following 12 months, as a pre-condition for another agreement.

The Fund granted Jamaica assess to $240m over three years and last year added another $160m. This agreement is now threatened by the failure of the reserves test.

The injection of IMF funds has failed to stimulate the economy to the level the Government had hoped and promised. Economic planners, for example, estimated that the economy would grow 3 per cent last year. This would have been the first positive growth for five years but indications now are that the economy wil contract by 2 per cent.

One factor which has worsened the deficit has been the island's increased oil bill, which will be about $33m above projections for last year.

Foreign debt payments have been $31m above projections, due to higher interest rates and amortisation, and there have also been payments of $25m for raw materials by the island's exporters as part of a Government programme to stimulate exports. Funds for this should have come from the World Bank, but did not materialise on time.

An additional $18m has had to be found for other goods and services because international inflation, projected by the Government and the IMF at 8.5 per cent for 1979, was 14.5 per cent, the Minister said.

Government funds had to be diverted in June to reconstruct and rehabilitate western Jamaica after severe floods, which also destroyed several thousand acres of sugar and banana plantations, leading to loss of export earnings of about $20m.

Consequently, current payments, which should have been eliminated by December 31, have increased by about $50m, and liquid reserves, which should have been $61m are not expected to be more than $10m.

Central Bank officials admit there is no easy way out for the economy. Even if continued access to IMF funds had been guaranteed, they say, the island would have to seek the Fund's assistance for another four years.

Not much is expected from Jamaica's major export earners in the short term. There are indications that 1980 will be a record year for tourism, from which receipts are immediate. The island is being marketed heavily in Western Europe, and a 50 per cent growth is expected. Already hotels have been over-booked for this winter.

New bauxite and alumina markets have been found in Venezuela, the Soviet Union, Algeria and Iraq, but industry spokesmen say that with major delivery contracts set to commence after 1983, little new money is available to ease the present crisis. The North American mining and refining firms operating in Jamaica have agreed to increase production following renegotiation of the Government's controversial taxation system.

Export agriculture, the third major foreign exchange earner, is not likely to show more than modest expansion. New efforts are being made to increase Jamaica's 25 per cent share of the UK banana market, with projections for selling 95,000 tonnes of the fruit there this year—75,000 tonnes were exported to the UK last year.

Understandably, the situation has affected the domestic economy. There are frequent shortages of raw materials for factories, some of which have been forced to close, adding to the 27 per cent unemployment rate. The consumer price index rose by 49.4 per cent in 1978, and projections for last year of 20 per cent were overtaken.

Mr. Edward Seaga, leader of the Opposition, has warned that the economic squeeze, and the prospect of even a temporary cessation of IMF assistance will lead to shortages of food and raw material, and widespread economic dislocation. The hope is that the IMF will agree to the waiver and spare the economy further hardship. A senior Central Bank official feels the fund will be lenient.

"We need the IMF funds very much," he said, "but the IMF also needs us. The Fund cannot allow Jamaica to fail. It would be effectively a failure of the IMF's programmes and policies—a failure which could bring the operations and the validity of the institution into serious questioning all over the world," he says.

Political scope for dealing with Jamaica's economic situation is limited. Mr. Michael Manley, the Prime Minister, recently reshuffled his Cabinet, dropping six Ministers in the hope that the smaller team could handle the crisis better. In spite of his decision to take on the important agriculture portfolio, detractors are sceptical about the value of the move and label it as the beginning of plans to campaign for the general election due next year.

WORLD TRADE NEWS

French car industry has another record year

BY TERRY DODSWORTH IN PARIS

EXTREMELY STRONG exports, a stable home market and virtually trouble-free production helped the French car industry establish another record year in 1979.

The figures, while not yet finally verified, indicate that French producers increased their output by 3.8 per cent last year to 3,230,000 vehicles. This was achieved in spite of a decline at Talbot, the former Chrysler-Simca organisation which has been taken over by PSA Peugeot-Citroen and which has been unable to hold its own this year against increasing competition from other domestic suppliers.

Export markets have provided the main fuel for the expansion. Sales overseas have gone up by 7.7 per cent compared with last year to a total of 1,700,000, with Renault in particular showing a marked improvement.

At home, registrations have also increased by 2.1 per cent to 1,985,000 vehicles, although the overall total is lower than seemed likely at the beginning of the year. Of this figure, the importers appeared to have captured a little more than 20 per cent, slightly up from last year, but still on more or less the same line as during the past five years.

The dip in registrations at the end of 1979 indicates that the French industry cannot expect to enjoy such a buoyant period in 1980.

All the big domestic manufacturers, except Renault, have announced longer Christmas breaks for their works than usual, suggesting that they are getting their inventories in order for a tighter market. Renault also believes that there may be a decline later this year, but it still intends keeping its factories turning at the same rate until the spring.

The industry is aware that it will come under pressure on the export front this year as markets in general decline. But it remains confident that it has a better adapted range than most of its overseas competitors to attract motorists who are having to face the problems of more economical motoring.

For importers, France apparently remains a difficult country in which to expand, mainly because distribution is tied up by the domestic producers. The West Germans, the most important bloc of foreign manufacturers, have lost pace this year. Their market share is down from 11.3 per cent to 10.98 per cent (148,000 cars), in the first eight months.

Of the other foreigners, the British, who have shown the most significant increase with sales up from 16,000 to 25,000 vehicles in the same period.

Japanese 'make more watches than Swiss'

By John Lloyd

JAPAN HAS produced more watches in the past year than Switzerland, according to the managing director of the Japan Clock and Watch Association.

Mr. Yoshinori Shirakawa said in Tokyo last week that output from Japan was expected to be about 59m pieces by the end of 1979. By contrast, he estimated that the Swiss manufacturers would turn out less than 50m for the year.

Mr. Shirakawa said that the estimates of Swiss production were based on the assumption that the Swiss export up to 97 per cent of their production. Exports in the first nine months of 1979 stood at just less than 40m pieces.

"Japan has been going up for years, while Switzerland, taking half of the global market in 1970, has been going downhill since 1975."

In 1978, world watch production was nearly 280m pieces. It was estimated then that Switzerland held 22 per cent of the market, Japan 19 per cent, the Soviet Union 12 per cent and the U.S. 11 per cent.

Mr. Shirakawa said that the Swiss had to contend with high labour costs and a strong currency. However, the major reason was a slow adaptation to quartz technology, in which the leading Japanese companies, Seiko and Citizen, are particularly strong.

Switzerland's watchmaking industry, which went through a massive rationalisation in the early 1970s, still has some 600 companies (there were previously 1,300). Japan has six.

More importantly, Seiko took the lead in quartz watch manufacture in the mid-70s, a lead it still retains. While mechanical watches still out-sell quartz watches worldwide, the lead is narrowing fast. Japan's market is now 56 per cent quartz, while quartz commands 40 per cent of the market in the U.S., and about 25 per cent in Europe.

In Japan, mechanical watch production has levelled off. Some 19m quartz watches were produced last year, rising sharply to an estimated 33m this year.

Mr. Shirakawa said that the Japanese quartz technology was the most advanced.

Egyptair takes Airbus options

CAIRO — Egyptair, Egypt's national carrier, has taken up its options to buy four more European Airbuses to conclude a $325.7m (£146.4m) deal, Mr. Ezzat Megahed, the company's vice-chairman, said yesterday.

Mr. Megahed said Egyptair had already bought three Airbuses, two of which would be delivered next September and the third a year later. Details on the purchase of the other four aeroplanes would be finalised soon. Options and deliveries would start in September, 1982. The aircraft were bought with a loan guaranteed by the French, West German and British Governments, and would be paid in biannual installments at an interest rate of 7.5 per cent, Mr. Megahed said.

The Airbus deal did not rule out the possibility of Egyptair buying a fleet of eight U.S.-made jetliners, but this was now running into trouble over financing.

Mr. Moujahid said that the board of the State-owned company would make a final decision before offers from U.S. concerns expire at the end of January.

Picking up the options on the extra Airbuses "does not mean we have decided against the U.S. aircraft," he said, but soaring U.S. interest rates could threaten the deal.

"Yes, it could happen," he said, "If we do not get good terms on the financing."

Mr. Moujahid said the Egyptian Government — which has final say on which aircraft are bought — wanted to increase the U.S. Export-Import Bank's share of financing to 85 per cent from 42 per cent. He added that Egypt could not afford the 15 per cent commercial interest rates.

McDonnell-Douglas has offered DC-10s and Lockheed has offered L-1011 TriStars to Egyptair contract since last spring.

Last September the Board voted in favour of buying four DC-10s, but the Government held up the deal and Lockheed moved in to sweeten its offer with a lease-purchase arrangement and low down payment costs.

West Africa oil to be exploited

BY MARTIN DICKSON

SAGA PETROLEUM of Norway has announced that it is to sign an agreement with the Government of Benin this month for the development of the West African country's offshore Seme oil field.

The field, which has estimated recoverable reserves of about 22m barres, is expected to cost about $100m to develop, with the Norwegian Government furnishing guarantees for 90 per cent of the total. Norwegian companies are expected to gain orders worth about $80m.

Development of the field, which lies about 10 miles off the coast, is expected to take about two years.

The Seme field was discovered in 1968 but was not then considered commercially viable. However, the oil price rise of the 1970s have changed the picture. The oil field, although tiny by international standards, will provide valuable balance of payments support for Benin. Similar, small offshore finds stand to benefit other West African States, such as Ivory Coast and Ghana.

William Chislett writes from Mexico City that Mexico has signed an agreement to sell oil to Yugoslavia this year. The contract between Pemex, the Mexican State oil monopoly, and the Yugoslavian oil company stipulates that the volume will be 3,000 barrels a day, starting some time in the second quarter of the year.

Portugal gets $70m in loans

LISBON—West Germany has granted Portugal loans totalling $60m (£27m) for 20 years at a 4 per cent yearly interest rate, the Portuguese Finance Ministry announced.

The credit will go to a hydro-agriculture project at Cova da Beira, a town in central Portugal, and to the fishing ports of Mazare and Figueira da Foz, north of Lisbon.

Separately, Portugal signed a $10.8m loan with Nederlanse Investerings Bank in Lisbon last week.

The loan, with a grace period of eight years, will carry a 5 per cent yearly interest rate.

The loan will be used for the fishing and agriculture sectors, specifically for projects for renewing the country's outdated fishing fleet.

AP-DJ

A T & T-Europe space option

NEW YORK — American Telephone and Telegraph, which had planned to use the U.S. space shuttle to launch a domestic U.S. communications satellite in 1983, has reserved a European Ariane rocket to do the job. AT and T put down a $100,000 deposit on the rocket to launch a high-capacity communications satellite to replace an older satellite.

AT and T still has a $100,000 deposit with the U.S. National Aeronautics and Space Administration for a space shuttle flight to put up the replacement satellite in the spring of 1983.

AP-DJ

U.S. to claim extra duty on Spanish alloy exports

WASHINGTON — The U.S. Treasury made a final determination that Spain is subsidising exports of ferroalloys to the U.S.

Under the law the Treasury is required to collect an extra duty equal to the subsidy being paid. The Treasury said the amount of the subsidy has been determined to range from 2.4 per cent to 3.36 per cent of the value of the merchandise. The value of these imports amounted to about $9.3m (£4.2m) in 1978.

In a preliminary determination, the Treasury said Japan is subsidising exports of certain pipe fittings to the U.S.

The department said its investigation found that the Government of Japan was subsidising manufacturers and exporters through financing at preferential interest rates and partial tax sheltering of earnings. The Treasury will make a final decision in the case by March 17.

If the preliminary finding is upheld, the U.S. International Trade Commission then must find that the imports are injuring a domestic industry before duties would be assessed.

Imports of this merchandise from Japan were valued at about $10.5m in 1978.

AP-DJ

$6BN PHILIPPINES INDUSTRIAL SCHEME

Marcos pushes plans amid crisis

BY DANIEL NELSON IN MANILA

A $6bn PROGRAMME for 11 industrial projects is an ambitious scheme for any developing country—but the Philippine Government is trying to implement it despite a deteriorating balance of trade deficit of $560m, overseas debt touching $9bn and inflation running at 25 per cent.

The International Monetary Fund (IMF) has been called in to help tackle the economic crisis, and the one area of friction between the two sets of officials is likely to be the 11 projects.

Most of the projects have been shuffled around ministerial desks for years, but in September President Ferdinand Marcos bundled them into a package and said they would form the basis of the country's industrialisation.

The response was cautious. Critics said such expenditure, even over a 10-year period, was reckless in the view of the plight of the economy. They argued that more emphasis should be placed on labour-intensive schemes and said only those industries in which the Philippines enjoyed a comparative advantage should be pursued.

Even the Cabinet was not unanimously in favour. Mr. Luis Villafuerte, the Minister of Trade, voiced initial reservations, but was quickly brought into line by the President.

In the new year, it will be harder to convince the international banking community, whose confidence is essential. A new World Bank report recently called for "very close scrutiny" of new projects and programmes, particularly large-scale schemes.

Noting that the proposed steel mill and petrochemical plant are capital- and energy-intensive, it says that "commitment to either of (these) billion dollar projects, unless they are financed solely by direct foreign investment, would reduce by a very substantial margin the already limited scope for flexibility in the management of the public finances and the balance of payments."

Although the President's list showed signs of being hastily assembled, there is evidence that the Government is, indeed, adopting a more co-ordinated approach towards the implementation of the industrial programme.

Part of the reason is a desire to shift capital expenditure from infrastructure to industrial production, a policy supported by the IMF.

But it also entails a shift in policy away from import substitution and to exports, that is away from domestic industries set up to cater largely to the local market needs and towards development of an industrial base capable of competing in the international marketplace.

The current status of the projects is as follows:

Copper smelter: Marubeni of Japan won the turnkey contract for the 138,000 metric tons a year plan because its $228m bid was $22m lower than the nearest offer.

Phosphatic fertiliser plant: Two American groups, Agrico and IMC have each expressed an interest in obtaining a 20 per cent share in the equity of the project, which will use the smelter's sulphuric acid by-product. The Government is looking for $100m worth of exports a year and says it will go ahead with the scheme on its own if the Association of South-east Asian Nations—Thailand, Singapore, Malaysia, Indonesia and the Philippines—fails to adopt it as a regional project by the end of the year.

President Ferdinand Marcos

Aluminium smelter: Discussions have been resumed with Reynolds of the U.S. for a plant with a capacity in the range of 70,000-140,000 tons a year. (Domestic demand is about 35,000 tons). A memorandum of agreement was signed five years ago, but foundered on the Government's inability to guarantee the availability of power. Since then, a 500 mw geothermal field has been confirmed in Leyte, which will also power the copper smelter and fertiliser plant.

Integrated steel mill: Ongpin admits that "we have bookcases full of feasibility studies, but this time we intend to proceed." The most recent study for the proposed $1.4bn plant was drawn up by the Japanese Industrial Co-operation Agency (JICA). Proposed capacity is 1.5m-3m tons a year using imported iron ore.

Petrochemical complex: The fate of the $300m naphtha cracking unit is in doubt. Discussions are reportedly "at an advanced stage" for two downstream joint ventures: a $60m polypropylene plant with Hercules Far East, and a $52m low density polyethylene plant with USI Taiwan.

Diesel engine manufacturing: MAN of West Germany and Isuzu of Japan have separately agreed to construct plants at a cost of $70m and $35m respectively.

Cement industry expansion: The Government seeks the establishment of a new 1m-ton a year plant annually from 1982. It is expected to give approval for the first plant this month. A 1.3bn peso (£80.5m) expansion, coal conversion and anti-pollution plant for the existing 18 factories was given the go-ahead in September.

Alcogas: The aim is to replace 20 per cent of fuel requirements with alcohol by 1986. A 6.7bn peso (£414.8m) programme is envisaged with 47 distilleries using sugar and cassava as raw material.

THE STEEL INDUSTRY STRIKE...DAY ONE

Situation remains unclear over imports and movements

BY OUR FINANCIAL STAFF

THE FIRST DAY of the national steel strike saw varying degrees of concern among customers of British Steel, but did little to clarify the situation with regard to imported steel and the movement of steel around the country.

As transport workers awaited formal instructions from their union on the handling of imported steel (so far the T&GWU has merely backed the strike but is expected to issue more detailed instructions later this week), imports and exports of steel continued to move normally through ports.

At King's Lynn in Norfolk, for example, the Hull-registered Kenrix arrived from Ijmuiden, one of Europe's biggest steel plants. The steel is bound for car-makers and washing machine plants. The Kenrix finished unloading in the afternoon, but no further steel imports will take place at King's Lynn this week.

The British Transport Docks Board, which owns the port, said: "Only normal steel shipments are being handled and there are no plans for additional imports to come through King's Lynn."

British Rail said last night that railwaymen had succeeded in stopping all movements of stocks from British Steel plants. BR carries 475,000 tonnes of steel a week for the public and private sectors.

The unions' intention is that both the production and transport of steel from private sector steelmakers and steel stockholders will not be affected, as long as it is not in place of BSC steel. Some steel stockholders were picketed yesterday by members of the ISTC, including Robert Frazer in Tyne and Wear and a GKN stockholder nearby. Robert Frazer said pickets tried to prevent deliveries by private hauliers, but did not interfere with the company's own transport.

The key problem that could emerge with private sector supplies is the classification by the unions of what is normal production. If private steelmakers exceed what they deem as "normal," and thereby try to fill the gap left by BSC, then the unions will try to stop production and distribution. Many private steel firms, however, have been operating considerably below capacity and would not define this as "normal."

The higher-than-average stocks held by steel customers and the stockholders will be the most important element in determining the effect that the strike will have on industry over the next few weeks.

Most companies are carrying at least four weeks' stock. If the strike extends beyond that, the motor industry is expected to be the first major area to feel the effects. BL in particular relies heavily on British Steel.

An added problem, however, is that even where companies have healthy stocks, shortages are likely to occur in particular types and sizes of steel. This situation could be particularly serious if the expected blacking of imports is effective, as many companies second source of their specialist requirements is from overseas.

Component manufacturers are also concerned that their customers will then not be able to manufacture as normal, and will therefore not want to take delivery of components. The situation could then emerge similar to that during the engineering dispute, when firms found themselves with stocks of unwanted components.

The British Scrap Federation, whose members supply 2.5m tonnes annually of scrap to the private steelmakers, and 3m tonnes to foundries, said yesterday it has received firm undertakings from its joint consultative council that member firms would not suffer disruption.

Other industries which will be affected if the strike is prolonged are steel castings and canned foods and drink. Stock levels at foundries are high, but the growing importance of imported synthetic iron to the industry could create problems if overseas supplies are blacked.

Stocks good for a month

Financial Times Reporter

Individual company steel stocks and reactions:

BL: Stock levels vary from factory to factory, but none is holding stocks of less than four weeks. The average is 4-6 weeks. If the strike goes on as long as March, there will be "serious lay-offs." A major problem faced by the motor manufacturers is that "bright steel," of which they are big consumers, deteriorates very quickly and can only be stocked for a month or so.

Vauxhall: The group has stocks amounting to "several weeks," but would be embarrassed if the strike went on for as long as 10 weeks.

Ford: Takes 40 per cent of its steel requirements from British Steel. Ford is reluctant to reveal the extent of its stocks, but says that it can definitely cover during January. Beyond that, much would depend on the degree of support given in sympathy by transport unions to the steel strikers, and hence the effect on alternative suppliers.

Metal Box: Holds six weeks' stocks as normal practice. Most of its tinplate needs come from British Steel, and the company is doing a detailed stocktaking now to determine those types of sizes of steel on which they might run short. Overseas sourcing is being looked at.

GKN, which is BSC's biggest customer both for finished steel which is finished at GKN works, says it is too early to say how it will be affected. **GEC** and **Hawker Siddeley** also say it is too soon to comment.

Tube Investments: Not predicting any particular shortages. Is carrying six to eight weeks' stock. TI also supplies many of its engineering factories with steel.

SKF: Takes 50 per cent of its steel from the group's steelworks in Sweden, and the other 50 per cent from TI. Specialisation of particular bearing types on SKF factories throughout Europe means that some re-scheduling would have to take place if the strike is prolonged.

Stockholders can maintain supplies until next month

BY OUR FINANCIAL STAFF

THE END of the first day of the national steel strike finds most stockholders in a position to supply customers on a regular basis at least until the early part of next month.

The steel stockholding sector is uncertain how long the dispute at the British Steel Corporation is likely to last, and what the possible effects of secondary picketing, transport disruption and an import blockade will be. But it is reasonably confident of higher prices as stocks dwindle, and expects discounting, particularly in the bright steel market, to stop.

Stocks have grown after a period of flat demand in the wake of the national engineering strike last autumn. In many instances, companies had anticipated the breakdown of talks between BSC and the Iron and Steel Trades Confederation.

Guest Keen and Nettlefolds, the largest steel stockholder in Britain, said yesterday it had been "aware of the possibility of a strike and had taken certain action."

James Austin Steel Holdings, on the other hand, admitted that it "did not take a lot of avoiding action," hoping that the strike would not take place. Nevertheless, the effect of the earlier engineering action was such that Mr. E. G. Firth, chairman, calculated that stocks were 10 per cent higher than normal at this time of year.

In other cases, stocks had swollen to uncomfortable levels. Duport's decision to anticipate a rise in scrap metal prices had helped to lift inventories by 25 per cent over usual year end levels, higher than the group would like. But like many stockholders, it would expect to benefit if the dispute at BSC is settled within a month.

A short strike, Central Manufacturing and Trading agreed yesterday, "would squeeze some of the surplus out of the system." Mr. Charles Cooper, chairman of Cooper Industries, expected that "prices will firm up with any luck," and echoed Duport's conviction that discounting would "presumably cease."

Specialities

Discounting has been endemic in the bright steel market, with prices slashed by as much as 10-15 per cent. It has recently crept into the black bar sector.

Much obviously depends on whether a scramble develops for the available supplies. A major company, principally holding structural steel supplied by BSC, felt that there would be no supply problems for the next week or two provided customers were prudent, with the important additional caveat that the effect of picketing is not too damaging.

United Spring and Steel, another stockholder, said that it is already being "chased hard" for supplies, and Mr. D. Westwood, chairman, envisaged a situation where it would be "impossible to move steel off the shelves."

He considered that customers would cut orders for all steel products if certain important specialities became unavailable. Mr. E. P. Tiltman, finance director of Ductile Steels, said that the correct mix of stock could go without great care, and he expected special steels to run down fastest.

Ductile, like other stockholders, imports a considerable proportion of its steel. The amount varies enormously, but usually ranges between 10 per cent and 20 per cent of the total. The company has an important consignment due at the docks at "any time now."

John Folkes Hefo, which holds about eight weeks' stock, said: "We could still get some supplies from overseas, but it is still unclear whether the unions would allow imports to come in."

United Spring believed: "The problems might be mitigated by the ingenuity of manufacturers in finding satisfactory alternatives to their normal raw materials." The group intends to maintain contracted prices with regular customers where possible.

Impact on ports uncertain

BY WILLIAM HALL, SHIPPING CORRESPONDENT

ABOUT 100 ports in the British Isles are monitored by H.M. Customs and Excise. Over two thirds of these import iron and steel in some form or other. They range from small harbours such as Fraserburgh, which handle just a few tons, to the Port of London which handles over 1m tons a year and operates specialised berths which concentrate on nothing else.

In addition to the 100 or so statistical ports, there are quite a few places around the coast which have no regular workforce, but are capable of landing steel.

It is too early to say how the ports are coping with the steel strike. Virtually all of the steel coming into London is landed via the 30 or so wharves along the River Thames.

The London Wharfingers' Association said yesterday that ships appeared to be unloading normally and he had not heard of any stoppages.

Freight Express-Seacon, a company specialising in steel cargoes at its London Steel Terminal, said that at the moment it was "very early days", and a lot of their customers had not resumed work yet. The company added that it hoped that business which it had handled in the past would continue to be worked.

There is a possibility that Continental road hauliers might start bringing in steel via the roll-on/roll-off ferries. A spokesman for Felixstowe said yesterday that the port is currently working at full capacity and was not normally associated with steel imports.

Railways and road haulage will suffer

THE ROAD HAULAGE industry and British Rail are both expected to suffer as a result of a prolonged shut-down of iron and steel making plant.

In revenue terms, the road haulage industry is likely to suffer most. British Rail has carried a steadily declining amount of iron and steel in the past decade. The hauliers have picked up the business, and dominate the transport sector in these metals, although iron and steel accounts for only 5 per cent of road freight.

In 1978, the latest year for which statistics are available, British Rail carried 24.7m tonnes, more than a third less than 10 years ago.

Iron and steel production has declined over the period. But British Rail's share of the 92.2m tonnes of iron and steel moved in 1978 was just over a quarter, compared with 37.5 per cent 10 years ago.

British Rail's proportion of revenue from iron and steel transport has also fallen, although less rapidly, from 16.2 per cent of freight revenue 10 years ago to 15.4 per cent (£59.4m) of the total of £384.4m two years ago.

Tatler fraud alleged

Financial Times Reporter

IT WAS ALLEGED in Nottingham Crown Court yesterday that circulation figures for the Tatler and Bystander were falsely inflated to boost advertising sales.

Mr. Brian Appleby, QC, prosecuting, said that the magazine's circulation had been claimed to be 49,000, but in reality was only 15,000, though there were no accurate records of the numbers printed.

The four accused, Mr. William Guy Alexander, managing director; Mr. Michael Campbell, a director; Mr. Leonard Sutton, foreman printer; and Mr. Arthur Cyril Dewey, accountant and auditor, are charged with conspiracy to defraud by falsifying the Tatler circulation figures, and with similar offences involving the Nottingham Observer.

All pleaded not guilty.

Mr. Appleby said that circulation figures for the Nottingham Observer were certified by Mr. Dewey as 65,775 over a six-month period when the true figure was 12,898, while for the Tatler figures were claimed to be 295,570, but were in reality 100,069, for a similar period.

The offences are alleged to heve taken place between January 1, 1969, and January 1, 1977. The certified figures were then passed to the Audit Bureau of Circulation.

Mr. Appleby said that no magazine could survive on sales alone. They needed advertising revenue. Advertisers would not buy space in magazines with low circulations.

The case continues today.

House price rise may slow

BY ANDREW TAYLOR

HOUSE PRICES are likely to rise only half as fast in 1980 as they did last year, says the Abbey National Building Society.

The society expects prices at the top end of the market to rise by only an average of 10 per cent this year, while lower-priced houses may increase by 15 per cent.

This compares with a 30 per cent rise in the price of an average house in 1979. According to Abbey, the rate of increases has already begun to slow, with prices rising by only 3.9 per cent in the last three months.

An average home at the end of the year cost £23,900, compared with £18,400 at the end of 1978. London and the South-East remained the most expensive areas, with average prices between £28,863 and £28,702.

The biggest increase in the last three months, says Abbey, was in Northern Ireland, 13.7 per cent. It is the third most expensive housing area in the UK.

A slower rate of increase in housebuilding costs is forecast for 1980 by the Royal Institution of Chartered Surveyors. Cost of building a home is still likely to rise by 16 per cent.

This compares with a 19 per cent increase in 1979, the highest in the institution's hosuing cost index since 1975, and double that in 1978.

The institution says that last year's increase was due largely to a 22.6 per cent rise in building material prices, the largest since the index was started in 1973.

Home repair hopes cheer builders

BY ANDREW TAYLOR

GOVERNMENT measures on household repair, maintenance and improvement in the Housing Bill provide at least one area for optimism for the hard-pressed construction industry, said Mr. Ian Robey, president of the Builders' Merchants' Federation.

Mr. Robey said that moves to extend tenants' rights to improvement and repair grants and other measures affecting private tenants, landlords, local authorities, and housing associations offered the prospect of widening the home improvement market.

The Bill should also promote greater flexibility in the improvement grant system, which should encourage more applications for grants.

Mr. Robey said: "Home renovations represent the one area in which there are real indications of higher activity."

However, the joint forecasting committee of the Building and Civil Engineering Economic Development Committees is less optimistic about prospects for household repair and maintenance. In December it forecast that output would rise by only 3 per cent in 1980 compared with an 8 per cent rise in 1979 and 16 per cent in 1980.

Philips UK rationalisation plan

BY ELAINE WILLIAMS

PHILIPS, the Dutch electronics group, is plannning a large-scale reorganisation of several of its UK divisions concerned with office automation.

Plans are being formulated to bring together four divisions in the UK which have interests in various office equipment products. They will then, in effect, form a single office systems company.

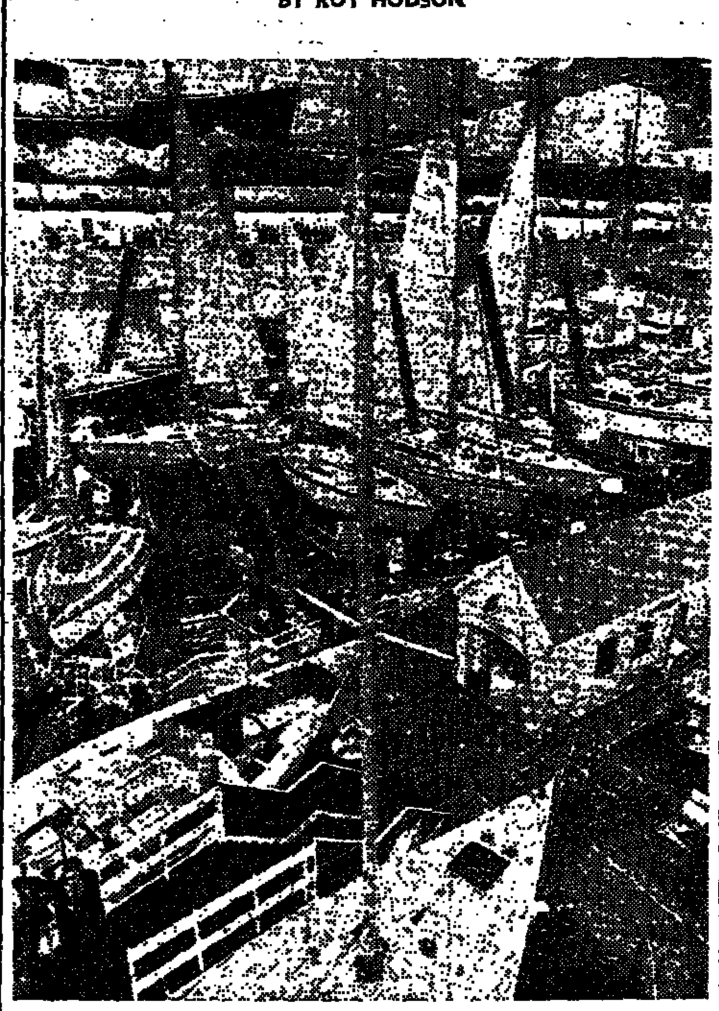
Philips set up a special team several months ago to decide the best way of implementing the changes which will affect Philips Data Systems, Pye TMC, Pye Business Systems and Philips Business Equipment.

Once formed, this could spearhead Philips' drive into complete office systems to challenge the growing number of companies now entering this market. Since the office systems sector is likely to be one of the biggest growth sectors in the 1980s, many companies are trying to develop products and systems.

Philips already has the products but needs to bring them together. For example, Philips Data Systems has two major product lines which are computers and various types of terminals including Viewdata. Pye TMS makes telephone exchanges, which will form the heart of any large office automation system.

Computer at helm

BY ROY HODSON



SATELLITE NAVIGATION systems and computers will replace the traditional sextant and log on board the sailing boats of the 1980s, judging by the interest being aroused by new marine electronics equipment to be shown at the 26th International Boat Show, which starts at Earls Court today.

A £1m order was taken last night by a British company, Thomas Walker, for a satellite navigator, new to the market, which will retail at £1,500, less than some conventional radio direction-finding systems.

Decca has ordered the Walker navigators and intends to launch them in North America for the coming season.

The other electronics star of the show is an on-board computer called Hercules. Invented by Brookes and Gatehouse, a Lymington yachting instruments company, it monitors all data affecting the performance of a boat. Information is displayed in digital form for the helmsman and navigator.

There are signs, however, that some yachtsmen are starting to react against the increasing complexity of boats and equipment. Great interest is being shown at Earls Court in one-design yachts that can be raced against precisely similar craft.

The British Olympic Gold Medallist yachtsman at the Montreal Olympics, Mr. Reg White, is to build a strict one-design racing keelboat called the Sunshine 22.

He will promote it in international events.

The boats will be identical, resulting in production economies, and the total cost is expected to be under £7,000. Only one sail-maker, one mast-maker and one fittings manufacturer will be permitted.

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UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume, retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1978							
3rd qtr.	111.3	104.8	103	110.7	266.6	1,380	213
4th qtr.	110.3	103.1	103	111.7	273.0	1,340	230
1979							
1st qtr.	109.5	102.0	97	110.3	276.4	1,351	234
2nd qtr.	115.5	108.1	107	116.7	297.3	1,299	256
3rd qtr.	112.9	102.9	101	110.1	300.5	1,269	247
June	117.5	110.3	111	120.3	309.3	1,280	262
July	116.3	107.5	98	108.7	294.4	1,279	253
August	111.7	101.3	104	111.5	304.3	1,265	246
Sept.	110.7	99.8	101	110.0	302.3	1,264	243
Oct.	113.0	104.4		111.4	309.5	1,282	237
Nov.				113.5		1,282	234
Dec.						1,294	219

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1978							
3rd qtr.	108.4	99.0	122.7	100.2	99.2	103.7	23.0
4th qtr.	108.0	96.9	124.0	96.9	99.0	102.4	20.2
1979							
1st qtr.	105.3	98.6	126.3	98.1	98.8	99.1	12.9
2nd qtr.	109.1	105.0	133.4	103.8	110.7	103.6	21.3
3rd qtr.	106.2	95.8	132.2	94.2	105.1	100.9	20.7
May	109.0	105.0	132.0	104.0	107.0	103.0	20.0
June	111.0	106.0	137.0	105.0	115.0	106.0	25.4
July	108.0	102.0	136.0	102.0	115.0	101.0	22.6
August	104.0	94.0	130.0	92.0	93.0	99.0	18.3
Sept.	103.0	91.0	131.0	88.0	107.0	103.0	21.2
Oct.	105.0	102.0	130.0	99.0	97.0	99.0	20.9

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£bn); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1978							
3rd qtr.	124.8	114.9	−0.367	+0.299	−501	106.1	16.55
4th qtr.	124.8	112.3	−0.039	+0.614	−480	106.9	15.77
1979							
1st qtr.	109.7	117.1	−1.579	−1,207	−234	107.6	16.78
2nd qtr.	135.0	130.9	−0.714	−0.607	−227	107.5	21.69
3rd qtr.	132.4	129.3	−0.397	−0.211	−166	108.4	23.18
June	130.3	129.2	−0.245	−0.209	− 50	106.5	22.07
July	133.3	128.1	−0.074	−0.012	− 44	109.2	23.49
August	131.1	131.1	−0.176	−0.114	−130	108.4	22.30
Sept.	132.8	128.8	−0.147	−0.085	+ 8	107.1	22.75
Oct.	129.7	133.0	−0.339	−0.289	− 85	106.1	22.49
Nov.	133.3	125.0	−0.056	−0.006	− 12	105.7	22.42

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1978							
3rd qtr.	17.2	8.1	4.2	+ 572	746	1,559	10
4th qtr.	14.9	11.9	8.6	+1,774	878	1,584	12½
1979							
1st qtr.	7.6	9.3	32.6	+1,524	777	1,583	13
2nd qtr.	9.7	17.2	28.5	+2,705	777	1,868	14
3rd qtr.	11.5	9.9	13.2	+2,414	933	1,879	14
June	9.7	17.2	28.5	+ 885	125	680	14
July	7.1	14.3	34.1	+ 439	229	630	14
August	6.1	12.4	29.8	+1,057	293	634	14
Sept.	11.5	9.9	13.2	+ 925	411	616	14
Oct.	15.7	15.1	14.8	+1,549	544	664	14
Nov.		12.9		+1,187	134		17

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1978							
3rd qtr.	133.2	144.9	154.8	199.2	206.2	253.74	62.4
4th qtr.	136.4	147.1	157.3	202.6	208.0	257.69	62.7
1979							
1st qtr.	140.2	152.3	161.6	208.9	218.8	268.83	64.0
2nd qtr.	147.3	161.3	168.0	216.5	225.2	293.55	67.4
3rd qtr.	154.1	167.3	176.4	231.1	231.9	301.66	71.0
June	150.9	164.6	170.9	219.6	230.0	293.55	68.3
July	155.6	165.4	174.8	229.1	231.2	278.92	71.9
August	153.3	166.5	176.3	230.9	231.8	290.04	71.4
Sept.	153.6	169.7	178.2	233.2	232.6	301.66	69.8
Oct.	157.8	175.7	180.3	235.6	234.8	291.34	66.9
Nov.		178.0	181.4	237.7	237.0	297.22	69.6

* Not seasonally adjusted.

● NEWS ANALYSIS—ACTUARIAL GUIDLINES

Ending conflicts of the past on company accounts

BY ERIC SHORT

PUBLICATION this week of new sets of guidelines for actuaries and auditors should help prevent most of the conflicts of interest that have arisen in the past.

The purpose of preparing the accounts of a company is to show a "true and fair" view of the trading and financial position of that company. The onus of checking the presentation of accounts lies fairly and squarely with the auditors under the 1948 and 1967 Companies Acts.

Where insurance company accounts are concerned the situation is complicated by the valuation made of the long-term funds, life, pension and permanent health business.

The long-term funds of an insurance company consist of varying types of life, pension and sickness contracts, with premiums coming in over several years and money paid out at varying times.

To place a value on the long-term liabilities to ensure that the funds are sufficient to meet these liablities is the task of another profession, the actuarial, and involves detailed knowledge of mortality, interest and expenses.

Actuarial science on valuation of long-term funds has been developed over 200 years.

The 1974 Insurance Companies Act requires the appointed actuary of a life company to make an investigation of the financial condition of the insurance company's long-term business at least once every three years.

The purpose is first to demonstrate that the long-term funds can meet the liabilities, and secondly to ascertain what surplus is available for distribution to policyholders, and in the case of proprietary companies shareholders.

A valuation must be made before any distribution of surplus. Separate returns, from the company accounts, are made to the Department of Trade.

So there arises an overlap of interest between the auditor and the actuary, each conscious of his professional responsibilities.

Discussion between the two professions on determining the procedures to be adopted by both parties in preparing accounts began 10 years ago, despite the fact that insurance companies have been doing long-term business for over 100 years.

But it has taken this long to get an acceptable modus operandi between the two profesions.

This week the accounting bodies published their guidance to auditors. Guidance to actuaries is expected within a few days from the Institute of Actuaries and Faculty of Actuaries.

The 1974 Act enshrined the principle that the method of valuing long-term liabilities was sole responsibility of the appointed actuary of the insurance company.

The guidance shows that the actuaries have accepted that the auditors have the right to satisfy themselves that the actuary's valuation is based on the correct data, and that the actuary has carried out ll necessary checks to ensure that this is so.

The accounts show the value of long-term business funds, and the auditor has to get reasonable assurance from the actuary that these funds are adequate to meet the related liabilities.

The trickiest area concerns the surplus in value of funds over value of liabilities. The actuary may change his basis of valuation from time to time.

In practice, these guidance notes from both accountants and actuaries will formalise what is already current practice in many insurance companies.

Gone are the days when auditors tried to influence the actuary, and the actuary maintained a stony silence. Now actuaries discuss at outset with the auditors the valuation methods, and what they are trying to achieve.

Auditors' Relationships with Actuaries, concerning Actuarial Valuations of Long-term Business Funds of Insurance Companies," Publications Department, P.O. Box 433, Chartered Accountants' Hall, Moorgate Place, EC2; quote reference TR 373; enclose stamped addressed envelope.

Edwardes attacks foreign buying

FINANCIAL TIMES REPORTER

LEADING PUBLIC figures who buy foreign cars were accused of "unpatriotic" behaviour yesterday by Sir Michael Edwardes, chairman of BL.

Sir Michael, speaking on ITN'S News at One, said that "self-control, not import control" was needed to stem the increasing number of foreign-built cars on Britain's roads.

MPs and civil servants were among those opinion formers who drove foreign cars.

"Every seven cars that we import from France, Germany or Italy throws one British worker out of work for a year," said Sir Michael.

He also criticised the public in general for buying foreign cars. In Corby, where major steel works are being closed, 50 per cent of the people buying cars bought foreign vehicles. They were therefore buying imported steel.

"Now if, in areas affected by unemployment, the people are so stupid as to buy foreign cars and not support their own future employment. I wonder what the country is coming to, frankly."

BL, which has about 20 per cent of the domestic car market, takes about 40 per cent of British Steel's plate-steel.

General Accident raises premiums

BY ERIC SHORT

MORE THAN a million motorists insured with the General Accident group face higher premiums from next month. The group, the largest motor insurer in the UK, is putting up its premium rates from February 1, only six months after its previous revision.

The average rise this time is 12 per cent, following the 8 per cent increase last August and 12 per cent jump last February.

The company is also changing in its geographical rating areas, including the South West and the Greater London area. Motorists in this latter region outside the London postal districts will have an additional 5 per cent increase in rates.

A mature driver of a Ford Escort 1,300 cc car eligible for full no claims discount, renewing next month, will find his motor premium rising more than 21 per cent from £69.60 to £84.40 if he lives in rural Kent. But if he lives in Dartford, Epsom or other areas of outer London, his premium will jump more than 27 per cent from £77.60 to £98.80 because of the re-rating of these areas.

General Accident, in common with other motor insurers, has found that rising claims costs and a continuing high number of claims has made it essential to increase premiums more frequently than once a year.

The recent wage award of 19 per cent by the Vehicle Builders and Repairers Association will send labour costs rising further.

General Accident is the second major motor insurer to have announced premium increases to take effect in 1980. Cornhill Insurance Company lifted its rates 12½ per cent on January 1.

Changes are also being made by General Accident in the level of excesses under which the motorist pays the first part of the claim and in the discounts for the age of cars.

Economist sees historic solution to decline

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A POSSIBLE cure exists for the temporary arteriosclerosis of the British economy, says Mr. George Ray, an economist at the National Institute of Economic and Social Research.

Writing in the latest issue of Lloyds Bank quarterly review, published this morning, he points out that economic history provides many examples of the rejuvenation of economies which could legitimately have been considered as ageing.

He raises the possibility that it could be Britain's turn now.

"Despite the disappointing performance in the international setting of many of our manufacturing industries, there must be some at least which may retain, or regain, leadership in world markets, especially if they can, in good time, specialise in lines that serve likely future developments in energy, conservation and production, instrumentation, aerospace or any other sphere."

He suggests that the UK could become an international centre for selected service industries, such as finance, insurance, private health services, publishing, or providing the software side of the microprocessor revolution.

There may also be scope in the area of "pure science and its application, where Britain has always been in the front line, thus becoming a kind of research and development centre for Europe."

In another article in the Lloyds review, Mr. Peter Manley and Mr. Derek Sawbridge, of Durham University Business School discuss the very high proportion of part-time workers in the UK compared with the Continent.

This is linked with the sharp increase in the number of married women now going out to work.

A further article by Mr. Richard Coghlan and Miss Carolyn Sykes discusses the management of the money supply. The authors reject a rigid form of monetary base control and argue that the money supply can be adequately controlled through the present reserve asset system but without the aid of the corset.

They suggest proposals for an increase in the range of marketable securities by which the authorities can finance public sector borrowing. "By matching more closely the individual needs of investors, it should be possible to finance any given level of borrowing outside the banks at a lower cost."

Spending on law and order up

By James McDonald

EXPENDITURE by the Home Office on law and order in the financial year 1977-78 was £1.44bn. Of this, £1.04bn was on the police, £220m on the prison service, £120m on the administration of justice and £65m on the probation and after-care services.

At 1978 survey prices expenditure increased 16 per cent between the financial years 1971-72 and 1977-78, according to Home Office statistics published today.

From 1968 to 1978 the number of police officers increased from 91,000 to 109,000, prison officers from 11,000 to 16,000, and probation officers from 3,000 to 5,200.

In 1978 2.5m indictable offences were recorded by the police. Although this was a slight fall from the 1977 figure, the average annual rate of increase over 10 years was 5-6 per cent.

The average daily prison population increased from 32,500 in 1968 to 42,800 in 1978, and the population under sentence of imprisonment from 21,400 to nearly 28,000.

About two-thirds of the male offenders under 21 discharged in the years 1970 to 1975 were reconvicted within two years of their discharge.

"Statistics of the Criminal Justice System, England and Wales, 1968-78," SO, £3.50.

Sainsbury tries laser checkout

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

SAINSBURY'S IS to start its first major experiment with laser-scanning electronic checkouts in February.

The company said yesterday that it would start its experiment at its Broadfield store, on the outskirts of Crawley, using IBM checkout equipment. Later in the summer it plans to switch to NCR equipment to compare the two systems.

Key Markets, the Fitch Lovell supermarket chain, launched the first system at Spalding in Lincolnshire last autumn. Sainsbury's will be vying with Tesco to be the second stores group to operate the system.

Tesco confirmed yesterday that it would start its laser-scanning experiment within the next three months, but was unable to give a specific date. However, Tesco has just had installed a new £1.5m IBM computer at its Cheshunt headquarters to help cope with the demands of the new systems.

The new laser-scanning checkouts, already widely in use in the U.S. and Europe, use a low-power laser beam to read a special bar-code printed on each grocery product. The price is automatically retrieved from the central computer and shoppers are given a receipt detailing both item and price.

The system yields substantial savings in both staff costs and stock control; and service at the checkout is faster, the manufacturers claim.

The implementation of scanning systems in supermarkets depends on food manufacturers printing the special bar-codes on each product. Each item has a unique number, allocated by a central body, the Article Number Association.

Sainsbury's has already started to put bar-codes on its own-label products and many major manufacturers such as Bird's Eye are committed to using the new codes. Sainsbury's says that items which do not have a code printed on them will have codes put on in the store for the duration of the experiment.

Waste exchange may have to close

THE UK Waste Materials Exchange, which claims to have promoted resource savings of more than £8m for the last five years, could close in the autumn when it loses its Government-funding.

The exchange was set up five years ago by the Industry Department. Through a quarterly bulletin, it informed more than 5,000 companies of the availability of all types of waste from manufacturing processes.

The Government has said that its funding of the exchange will end in October, and the unit must be self-financing.

Mr. Douglas Jackson, head of the Materials Recovery Division of Warren Spring Laboratory, an Industry Department research establishment which administers the exchange, said yesterday that industry was being asked to pay the full economic cost of the service through subscription.

But only 300 of the 5,000 companies which have been getting free bulletins have subscribed an annual £20 to maintain the exchange.

Liberals lodge petition on PR

BY OUR LOBBY STAFF

THE GOVERNMENT MAY soon be forced to justify the continued use of the first-past-the-post electoral system.

The Liberal Party last week formally lodged its petition with the European Commission alleging that the Government was in breach of the European Convention on Human Rights by its use in last year's General Election of a voting system which it knew discriminated against the Liberals.

The Commission, which acts as guardian of the human rights convention, has indicated that it may take a preliminary look at the case its meeting in March. The Government may be given an opportunity before then to make its initial response to the petition.

The lawyers handling the Liberals' petition have avoided arguing the caes on political grounds. They have tried instead to prove a breach of the convention on a purely legalistic basis. ...

The Government's lawyers may try to answer in the same way and shoot holes in the legal argument without becoming embroiled in the political debate for and against the present voting system.

Nevertheless, the Government may find itself having to justify the continued use of a system which, the Liberal Party argues, discriminates against it and its supporters.

Evidence

The petition, the first of its kind, marks the latest step in the Liberals' long campaign to have proportional representation in Britain.

Mr. David Steel, the Liberal leader, announced the intention of suing the Government at the party's annual assembly in September. Since then the lawyers have been assembling the evidence for the substantive petition, which under the convention must remain confidential.

Sending of the full petition is only the second stage in what could be a long legal battle. For the application to have political significance the Commission will have to rule that the case is admissible—and that is a test which few cases submitted to the Commission survive.

If the case was judged admissible the most likely course of events would be for the Commission to try to persuade both parties to reach agreement without a full court hearing.

But Mrs Thatcher, who is known to be opposed to proportional representation, would strongly resist any move by the European institutions to influence the voting procedures used in British elections.

Welsh seek disclosure of BSC coal plans

BY ROBIN REEVES, WELSH CORRESPONDENT

WELSH TRADE UNION leaders agreed yesterday to press for disclosure of the British Steel Corporation's latest plant closure and coking coal import plans to be added to the unions' demands in the national steel strike.

The demand for what amounts to an all-out attack on BSC and the Government's general policies towards the coal and steel industries will be tabled at a meeting of the TUC's nationalised industries committee, attended by Welsh Representatives, in London tomorrow morning.

Before Christmas, Welsh leaders of the coal, steel and transport unions set a deadline of January 21 for the start of industrial action against BSC's closure plans, which threaten up to 15,000 redundancies at Port Talbot and Llanwern steelworks.

Combined with BSC's plans to step up imports of cheaper foreign coking coal, South Wales also faces the closure of up to 21 collieries and 15,000 redundancies among miners. The effects of this would be felt throughout the South Wales economy.

The Wales TUC wants the immediate suspension of Sir Charles Villiers, BSC's chairman, and his top three executives; a two-year postponement of the latest cutback plans pending an investigation of the BSC's commercial management; an inquiry into the possibility of selective import controls; and a subsidy to bridge the present £10 a tonne gap between the cost of imported and domestically produced coking coal.

Yesterday's meeting discussed the possibility of bringing the wider industrial action forward, unless these demands were met. Mr. George Wright, Wales TUC general secretary, said they recognised that if the dispute over pay was settled soon it would be extremely difficult to resume action on these other demands, though they were of far greater importance to the economic future of South Wales.

"We are not going to let go until all three issues are settled," he said. Even so, national trade union leaders have so far been resisting Welsh efforts to make the closure and coal import issues the subject of a showdown. Mr. Len Murray, the TUC general secretary, urged Welsh leaders before Christmas not to resume the blacking of imports of U.S. coking coal through Newport, destined for BSC's Llanwern steelworks.

But the Wales TUC decided otherwise. The two shiploads, totalling 40,000 tonnes, due in just before and after the Christmas break, were still at anchor yesterday in the Bristol Channel. Even before the steel dispute began, dockers and tugmen had agreed to the miners' request to black the cargoes.

Welsh trade union leaders were warning yesterday that the failure of the British TUC to throw its support behind the fight for job security and against coking coal imports could produce a major row at Friday's meeting.

Water workers to vote on rejected offer

BY PHILIP BASSETT, LABOUR STAFF

WATER WORKERS in the Transport and General Workers' Union are being balloted on taking industrial action over a pay offer worth 13.1 per cent which has been rejected by union officials representing all 33,000 manual workers in the water supply and sewage industry.

The union has sent out circulars to branches in the industry asking members for their response to the offer. If they vote in line with the negotiators' recommendation to reject it, the papers carry a further question asking for support for any industrial action.

Mr. Mick Martin, public services national secretary for the TGWU, said yesterday that the results of the exercise would be known by January 16.

Though the TGWU represents the smallest number of workers in the industry of the three unions involved, its call for support for any action is a further indication of the strength of feeling in the industry over pay this year.

Negotiators have already warned that the prospects of a settlement being reached without industrial action are bleak.

Some representatives revealed yesterday, in fact, that only uneasiness among some delegates of the moderate General and Municipal Workers' Union at taking such a strong line prevented the full trade union side recommending a programme of industrial action immediately after the meeting last month when the offer was tabled.

The GMWU will now decide itself at a recalled delegates' conference in London next week whether to call for industrial action. The National Union of Public Employees will also consult its membership, probably before its executive meets on January 16.

The offer would raise average earnings from £81.28-£101.71 to £91.08-£114.16 and increase stand-by and call-out allowances and other improvements.

First results of a similar balloting exercise of TGWU local authority manual workers, though, are indicating acceptance of a similar pay offer. Council manual workers caused considerable disruption last winter by industrial action, but a peaceful settlement this year has looked likely for some time.

Officials of the other unions involved are also looking for a settlement, and the final results of consultations are likely to allow the unions to reach agreement for the 1.1m workers at the next meeting with the employers' side on January 17.

The offer raises current basic rates from £47.28-£56.67 to £53.07-£64, though from April 1 a further £1.38-£4.91 will be added as the second stage of the award made by the Clegg comparability commission.

Railmen agree to wait for £2 rise

BRITISH RAIL'S three unions yesterday agreed to the British Railways Boards decision not to consolidate immediately into basic rates, as had been expected, the remaining £2 of an outstanding supplement.

The board's decision is seen as an indication of financial pressures on the industry following the Government's decision to reduce its cash limit from £730m to £715m as part of its spending cuts.

The three unions agreed, after a meeting of the Railway Staffs National Council, to accept the board's proposal to help it out of its financial difficulties. But they insisted that when payment is made in March it should be backdated to January 1.

The board has agreed to study this proposal.

The dispute centres on the consolidation of the final third of a £6 supplement established under phase one of the last Government's pay controls. Last year's 12-13 per cent settlement for British Rail's 180,000 workers included the consolidation of the first £2 of the outstanding supplement.

Recruiting ban

The Railways Staffs National Tribunal later decided that the other £4 should also be consolidated in two stages, in August and on January 1 this year.

Union officials privately admit that industrial action over the issue is unlikely. But Mr. Sid Weighell, general secretary of the National Union of Railwaymen, the largest union in the industry, said that if the board did not pay the supplement or did not backdate it there could be trouble.

The Board still intends to impose a recruitment ban planned to last until February 1, and other economies such as a temporary freeze on expected merit and incremental increases. The recruitment ban in particular has met with little sympathy from the unions, who estimate that there are already 12,000 vacancies.

If the train drivers' union, ASLEF, does not attend, a further meeting with the Board to discuss productivity, the NUR will almost certainly press ahead alone with its £300m pay and conditions claim.

Strike call to hospital blood transfusion units

BY GARETH GRIFFITHS, LABOUR STAFF

HOSPITAL LABORATORY technicians are to be asked to consider selective strikes in the emergency blood transfusion and pathology services unless the National Health Service improves on-call payment rates by the middle of this month.

Talks between the staff and management sides of the Whitley Council broke down on December 21 and no further meetings have been arranged.

The staff side has presented the four unions involved with options of stepping up the industrial action they have been taking since November.

These include selective strikes by the 16,000 laboratory technicians, involving stoppages lasting three or four hours at a time, and the complete withdrawal of the union side from a national agreement, to force talks on local agreements for emergency work.

Mr. Reg Bird, a national officer of the Association of Scientific, Technical and Managerial Staffs and secretary to the staff side, said yesterday that in the absence of a satisfactory answer from the management, the unions would be asking their members what action to take.

A mid-January deadline was probable, he said.

The technicians are claiming increases in the on-call-at-home payments from £3 to £10 and in call-out allowances from £4.55 to £7.50. ASTMS, the Confederation of Health Service Employees, the National and Local Government Officers' Association and the National Union of Public Employees have been discussing the emergency work payments since December, 1978.

Technicians are at present refusing to make out emergency call rosters, slowing down the allocation of work. The management's latest offer was a choice of either a £6 call-at-home payment and a call-out allowance of £5, or an at-home payment of £5 and a call-out allowance of £5.50. Both offers were rejected.

The unions say that several local health authorities, particularly in Scotland, have reached their own arrangements over emergency payments.

The Department of Health and Social Security says the effects of the dispute have been less than was feared and support for the action patchy.

Bedding jobs go

REST ASSURED, the Northampton bedding manufacturers, who put 180 workers on a three-day week before Christmas, are now making 20 of them redundant on January 18. The cuts are because of a fall in orders.

BITTER CONTROVERSY OVER HOUSING BILL PROPOSALS

Riddle of cost of selling council homes

BY ANDREW TAYLOR

LEGISLATION which will give millions of council tenants the right to buy their own homes is now enshrined in the Housing Bill, fulfilling one of the Government's most important election promises. But there is bitter argument over how much this move may cost the country.

The Government, in publishing the Bill, claimed that the sale of 10,000 dwellings would save the country up to £40m over five years. Opponents argue, however, that over a long period large-scale and indiscriminate disposal of local authority housing will result in substantial losses.

The financial implication of council house sales is the subject of three separate Westminster and Whitehall investigations, which follow a similar study by the Environment Department under the Labour Government. But there is little optimism that the findings will resolve the debate.

Options

As Mr. Michael Heseltine, Environment Secretary, recently admitted, the results of any long-term financial analysis "will show exactly what you want it to show, depending upon what assumptions you build into it."

He has asked his Department to prepare a range of options, the results of which—judging by previous inquiries—will vary enormously, depending on what view is taken of likely future rental income, inflation, interest rates, Government subsidies and other factors.

Most previous inquiries—even though carried out by bodies strongly opposed to the recent legislation—agree that local authorities might be expected to show a financial gain in the first few years after a council house sale.

The Chartered Institute of Public Finance and Accountancy has mapped out how gains can arise in that first year. They occur because a council might be expected initially to derive greater benefit from the interest on investing sales proceeds than it achieves from rental income, after meeting running costs and debt charges on loans to build the property.

The Institute study shows that the first-year gain on a 1924 house — built for £400 and sold for £3,500 after a maximum 50 per cent discount — would be £290. On a more modern London home — where costs are much higher — the first-year gain is just over £1,000.

The Institute admits, however, that its analysis of first-year gains, based on a concessionary rather than a statutory sales programme, does not embrace all the ramifications of the new "right-to-buy" legislation. It makes no allowance, for example, for any programme to replace dwellings sold.

A basic argument against a statutory sales policy which includes a right to a discount is that the cost of replacing a house will invariably be higher than its sale price. This is undoubtedly true, but it is an inconclusive argument at a time when the public-sector house-building programme has reached its lowest ebb since the last war.

The Institute figures have not taken into account the Government's determination to take a slice of the capital profits made on the sale of council houses. Further, a new system for providing housing subsidies has been announced since the Institute's calculations were made.

Inflation

Despite this — and allowing for a very low new public-sector building programme — there seems little reason to deny that council house sales should result in a saving to local authority housing revenue accounts at least in the first year.

But the further one goes from the base sales year the harder it becomes to arrive at any meaningful conclusion. The factors to be taken into account are numerous, but any analysis must depend on what view is taken of likely future rental income.

During the early years of a property, the cost of meeting debt charges and running costs traditionally outweighs the income that a local authority can expect to receive in rents and governments subsidies. But later in their life council houses eventually move into surplus as inflation reduces the impact of debt charges while at the same time acting as a spur to rents.

So it is not enough to examine simply the crude capital profit on council house sales and the income thus generated through reinvestment. Some judgment and comparison must be made with the level of profit or loss a property might be expected to make over its remaining life, if it is not sold.

Simply expressed, council house sales generate gains for local authorities whose savings are on management and maintenance costs and from interest on sales proceeds. On the debit side authorities lose rental income and government subsidies. Debts outstanding on the property can be excluded from the equation as these have to be repaid whether it is sold or not.

Opponents of statutory sales point out that savings to the Exchequer arising from the removal of housing subsidies on the sale of a property should be compared with the level of mortgage tax relief which will be made available to support purchases, given that most sales are likely to be financed by mortgages.

Even assuming that the same basic factors are included in the equation answers can vary dramtically, depending on what levels of inflation, interest rates and so on are considered probable.

Announcing the Housing Bill, Mr. Heseltine referred to actual sales of council houses in Nottingham which have raised £40m at a profit of £18m.

But another study of sales in Nottingham between May 1976 and May 1979 suggests that there will be an eventual loss to the local authority of about £75m.

The discrepancy arises because the former study looked at a crude surplus between sale price and the cost of building the properties, while the latter looked at the long-term effects on the revenue account based on a wide range of assumptions, which themselves are open to debate.

Market price

The Chartered Institute of Public Finance and Acountancy showed in its study—which looked at three different categories of house, one built in 1924, and two in 1972—how, by making marginal changes in anticipated rates of inflation and interest, a profit on a sale could just as easily become a loss when considering the remaining life of a property.

In terms of local authority current-account spending therefore, it remains unclear what effect council house sales will have over a long period. But opponents will point out that, whatever the impact on current spending, the Government will still be authorising the sale of public-sector assets at below market and replacement price.

It is perhaps here, and with the social arguments for and against council house sales, that the most meaningful debate will emerge.

NALGO attacks spending controls

A STRONG attack on Government proposals for controls on local authority spending has been made by the National and Local Government Officers' Association.

The union's journal says the Local Government, Planning and Land Bill published last month, represents "heavy fetters on local democracy."

NALGO argues that the proposed controls on capital spending by local councils and the introduction of a unitary grant system would lead to central government interference. It would mean a fundamental change in the rights of local authorities to raise and spend money to meet local needs.

THE MARKETING SCENE

Internationally, the advertising business almost certainly faces a decade of near-unprecedented growth, against which the domestic travails of 1980 will appear insignificant. Michael Thompson-Noel casts a New Year horoscope.

Shine with Shino, Flush with Sanfect

"TELL ENGLAND. Tell the world," wrote Dorothy L. Sayers in the final, laconic paragraph of Murder Must Advertise. "Eat More Oats. Take Care of your Complexion . . . Shine your Shoes with Shino . . . Bung's Beer is Better. Try Dogsbody's Sausages . . . Give them Crunchlets. Snagsbury's Soups are Best for the Troops. Morning Star, best Paper by Far . . . Flush your Kidneys with Fizzlets. Flush your Drains with Sanfect . . . Whiffle your Way to Fortune . . . "Advertise, or go under."

Forty-seven years on, *nothing* has changed. In an author's note to Murder Must Advertise, Miss Sayers, herself a former distinguished advertising copywriter, said she did not *suppose there* to be a more harmless or law-abiding set of people in the world than the "advertising experts of Great Britain"—on which note she *plunged into* a depiction of them as flighty, grasping, scheming, neurotic practitioners of a profession *notable* for combining, to a unique degree, cynicism with insecurity.

Forecasts

Really, they're not that bad. Many of them are perfectly decent fellows, though to listen to some of the gloomier forecasts currently pervading the advertising business is to admit that at present its insecurity is showing through.

To paraphrase these forecasts: "Company profits are expected to fall sharply in 1980. Markets will contract as inflation starts *to bite and as investment*, consumer and Government expenditure levels fall back . . . Falling profit levels will at once hit product-advertising budgets, as *well* as special areas such as *corporate* and *recruitment* advertising . . . After the first quarter of 1980 there will be pronounced falls in real advertising expenditure levels, lasting well into the first half of 1981 . . . *In summary, there are* strong indications that the first half of 1980 will usher in a real recession in advertising expenditure, though to start with it will be obscured by a spill-over of *bookings from the 1979 ITV* strike. The recession will build progressively from the spring of 1980."

The truth is that while the figurework *that underpins these* forecasts is virtuous in the extreme, the language in which it is being interpreted—"pronounced falls in real levels of expenditure," "recession," "shake-out"—is almost as *exaggerated* as the product claims for Crunchlets or Dogsbody's Sausages. No one pretends that 1980 will offer an armchair ride for agencies or media. But to imply that the *advertising* business is about to face the sort of problems that will impose themselves on the more capital-intensive, energy-dependent sectors of commerce and industry is simply not right.

To understand the forecasts for 1980 it is helpful to appreciate what happened last year. Mike Waterson, research director at the Advertising Association, says that 1979 *should* have been an outstanding year for advertising expenditure—a continuation of the *boom* that *began in late* 1976. As it was, four factors conspired against it: the ITV strike, the road haulage dispute, the engineers' strike and the absence, for most of the year, of *Times Newspapers (to which* must be added the continuing saga of disruptions throughout the rest of Fleet Street).

The AA estimate for total media expenditure in 1979 is £2.07bn, compared with £1.834bn the *previous year. That sounds* all right. Unfortunately, it does not translate very cheerfully into constant (1970) money terms. As the AA says, it is important to disentangle underlying *expenditure trends last* year from actual results achieved.

TV strike

According to the AA, in the absence of the TV strike alone, *1979* would have produced a *fourth successive year of growth* in real advertising expenditure. There was in fact a strike-induced fall in real advertising expenditure between 1978 and *1979 of approximately 1.5 per* cent.

At constant 1970 prices, and excluding production costs, directories, posters, cinema and *radio*, the advertising media *expenditure figure for 1978 was* £562m. Last year it fell to £554m, and in 1980 it is expected to slip to approximately £550m.

This is a fall in projected real expenditure terms of less than *1 per cent*. However, it must be remembered that *forecasts for* 1980 follow the artificially depressed expenditure level of 1979. The most inspired guess is that had the TV strike not happened, *the 1980 ad spend, in real terms, would have had to* be forecast at some 5 per cent below the 1979 total. (True pessimists among the forecasters pitch the anticipated fall, *across all media, at up to* 10 per cent; optimists predict break-even.)

There are too many imponderables, both at home and abroad, to *forecast with any precision* the eventual outturn of advertising business for 1980. But most of the agencies are making all the right noises. They're *not depressed*; nor are the media, though as the year wears on competition is bound to intensify as advertisers themselves come under pressure.

On the agency front, it seems likely that 1980 will generate a bigger turnover of accounts than 1979 as marketing managers, reacting to pressures from their finance departments, take an *ever closer look* both at *budgets and how they are spent.*

One view is that pressure for so-called increased advertising efficiency will benefit the large, full-service agencies at the expense of the creative *boutiques and fun shops.*

Either way, those agencies that managed to *enter* 1980 on a wave of growth are those most likely to benefit from the *mêlée. This applies particularly* to two British-owned agencies: Saatchi and Saatchi, which is now jostling the U.S.-owned Big Three for billings supremacy, and, to an even greater degree, Allen Brady & Marsh.

For now, ABM can do no wrong. If it were to go public tomorrow it would be swamped by subscribers. As it is, chairman Peter Marsh has no plans *to go public at present.* ABM's ambition is to put on at least as much new business in 1980 as it did last year, when total new business gains amounted to £16m. Current annualised *billings are £43m, split between* only 23 clients. It is partly this concentration on blue-chip spenders that has transformed ABM from what used to be *called a jingle shop into the* most irrepressible *new-business* machine in European advertising, though in truth, the reasons for its success are more profound than that.

Another *agency* that can't wait to get into 1980 is the publicly-quoted Geers Gross. "We're very bullish," says its financial director. "It's a very short-sighted advertiser that *cuts his advertising budget in a* slipping market. As a group, including our New York agency, we hope to be billing at least $100m by the end of 1980, though that is very conservative."

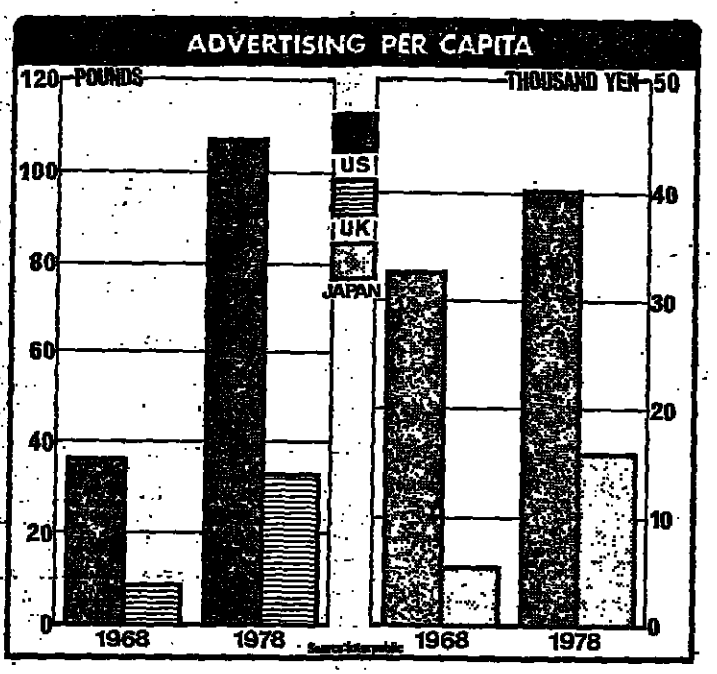
A key to how advertising budgets hold up in 1980 will be the level of determination shown by advertisers in resisting *short-term pressures* to savage such budgets at the behest of their finance departments. There is absolutely no doubt that during the U.K. advertising slump of 1974-76, *when budgets were decimated,* many advertisers grossly overreacted, making it all the more difficult for themselves to recapture share-of-market once the economy turned good.

How to advertise in a recession has been documented by the Centre for Advertising Services in New York, which is operated by the Interpublic Group of advertising companies. The centre has analysed *the results* of all post-war U.S. recessions. Not surprisingly, given its parenthood, it offers a mass of evidence to link falls in sales momentum with major cuts in advertising budgets.

In particular, it cites the case of Chevrolet: "When the energy crisis hit in early 1974, the managements of automobile companies, both domestic and import, took different points of view. Chevrolet maintained its program at *100 per cent.* Most of Chevrolet's competitors cut their advertising spending drastically. Before the year was out, Chevrolet gained 5 share *points — one of the sharpest* changes in auto marketing history."

(This hardly provides us with a glimpse of the total auto market situation, but no matter.)

"Loss of sales momentum *following* ad budget cuts *is* no different in times of recession, or energy crisis, or shortages—no different from normal times. Share of mind leads *share of sale.* Corporate managements may have excellent reasons to cut ad budgets but ad budgets aren't quite the variable (that) some managements believe. There is a trade *off of future sales which* has to be considered."



The chart shows comparative advertising levels in the UK, U.S. and Japan on a per capita basis, based on exchange rates for 1968. Although advertising spending rates are growing faster outside the U.S. than in it, they still trail far below U.S. levels. According to Robert J. Coen of McCann-Erickson in New York: "As the economies of more and more countries expand and approach the U.S. level, the need and demand for consumer advertising will escalate." According to his forecasts, by 1988, U.S. advertising expenditure will reach $115bn. Expenditure outside the U.S. will add a further $120bn for a global total in excess of a quarter of a trillion dollars ($0.25 tril.).

Propaganda

Even if we strip that statement of its propaganda element, "*corporate managements*" are still left with a great deal to chew on.

In any case, beyond 1980, advertising internationally almost certainly faces a decade of *near-unprecedented* expansion. According to Robert J. Coen, a senior vice-president at McCann-Erickson in New York: "A new trend in advertising growth *is now clearly evident.* The return to greater utilisation of advertising does not appear to be a temporary phenomenon but one similar to the extended period of consumer marketing activity that occurred following World War Two.

"The new trend in advertising that began in 1976 should continue over an extended period of time and modest economic *variations will probably* have little effect on present trends. Advertising as a percentage of gross national product had been declining up until a few years ago in most of the key industrial countries around the world. Now the trend is in *the other* direction."

He *says that between 1968 and* 1978, advertising expenditure rates in the UK, Japan and Brazil grew faster than those in the U.S., though the level of spending in all three countries was still far below that of the U.S. (see chart for Japan and UK).

Global spend

"As the economies of more and more countries expand and aproach the U.S. level, the need and *demand for consumer* advertising messages will escalate."

It is for this reason that Mr. Coen *forecasts* a global advertising *expenditure* level by the end of this decade of more than a quarter of a trillion dollars.

Forecasts of what may happen to advertising internationally *may be thought a trifle removed* from affairs inside the latest creative boutique in London's Greek Street or the newest fun shop in Covent Garden; but *advertising*, already a fully internationalised business, is becoming ever more complex as large agencies join forces with large, as groups merge into combines and as the combines themselves aspire *to* conglomerate status.

Witness the edifice of Interpublic. Witness—on a much smaller scale but in a move that *reflects the times*—yesterday's news that the Lopex Group has bought a 40 per cent stake in the 38th ranked U.S. agency, Warwick, Welsh and Miller to add to an extensive European *consumer agency portfolio.*

But a quarter of a trillion dollars? Why, yes. Bung's Beer is Better. Try Dogsbody's Sausages. Eat Crunchlets. Snagsbury's Soups are Best for the Troops.

Advertise, or go under.

Lopex buys 40% of U.S. agency

IN A BOLD move into the lucrative U.S. consumer advertising field, the Lopex Group has *acquired a 40 per cent stake in* Warwick, Welsh and Miller Inc., whose expected turnover in 1979 was $84m. WWM is based in New York with an office in San Diego. Gross world income in 1978 was $12.1m, giving it 38th spot in the annual lists compiled by Advertising Age, writes **Michael Thompson-Noel.**

In addition to consumer advertising, Lopex is involved in recruitment and financial advertising, PR, design, sales promotion, market research and computer and information services.

WWM clients include Benjamin Moore, Brooke Bond Foods, CPC, Heinz, Sterling Drug and Seagrams. *Its most recent* account gain was King-Cola.

The Lopex chairman and chief executive, John Sykes, says the deal "should open up new opportunities as many of our clients in Europe are acquiring or developing their businesses in the U.S." Both companies are private; both will remain so.

● *IN A RESHUFFLE* of Government advertising contracts, the £800,000 Department of Industry campaign has moved from Dorlands to Freeman Mathews and Milne, and the £150,000 Export *Credit Guarantees Department* business has been switched from Colman and Partners to Davidson Pearce. The £1.2m Pedestrian Road Safety Campaign, currently at Ogilvy Benson and Mather, *is being competed for* by CDP, OBM and JWT, while the £650,000 Department of the Environment campaigns, also at OBM, are being competed for by Doyle Dane Bernbach and FMM. The revised budget for Government advertising in 1979-80 is £23.7m. From April 1, the COI is replacing commission payments with "cost-plus" payments.

● *D'ARCY MACMANUS AND MASIUS* is to handle a $1.5m budget for Laker Airways via its London, New York and Los Angeles offices. Masius's UK billings last year were £64m. *Despite the ITV strike its profits* were "pretty close" to target.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● NAVIGATION

Space radio will aid the ships

TWENTY NINE countries with shipping interests have got together to form the International Maritime Satellite Organisation whose Inmarsat satellite communications system will revolutionise radio traffic between ships and the shore.

Inmarsat is to have its headquarters in London and has elected its first director general to hold office for a six-year term. He is 37-year-old Mr. *Olof Lundberg of Sweden,* at present head of frequency planning of Televerket, the Swedish Telecommunications Administration. He is expected to take up *his new job in mid*-January at offices on four floors of the Covent Garden Authority's Market Towers building.

The new network will *have* six satellites in pairs in geostationary orbit 22,300 miles above the Atlantic, Pacific and Indian Oceans and ships at sea will be able to bounce their radio messages off these to reach any of at least a dozen ground stations at sites in different maritime countries.

Britain's PO is providing one station at Goonhilly *Downs* in Cornwall where a new 13 metre dish antenna will beam to the Atlantic satellites. Another at Eik in Norway will be operated for the Nordic countries. The USSR will build one at Odessa on the Black Sea and another at Nakhodka near Vladivostok.

The *U.S.* is expected *to make* two available at *Santa Paula in California* and Southbury in Connecticut while one at Yamaguchi in Japan is also foreseen. Other countries offering ground station sites include Australia, Canada, Greece, Italy, Kuwait and Singapore.

The first of these satellites should go into orbit from Kourou in French Guiana by the end of this year on the largely French-built Ariane L04 rocket.

This *satellite* will be one of three for which the European Space Agency has awarded a contract to the British Aerospace Dynamics Group, acting as prime contractor for a consortium of European space hardware manufacturers. The other three satellites to be used *will* be provided by the International Telecommunications Satellite Organisation and the first of these is to go into orbit over the Indian Ocean before the end of 1981.

Inmarsat will supplant the *American Marisat maritime* satcoms system which is managed by Comsat General primarily for U.S. Navy use. Three years ago Marisat offered its spare channel capacity for use by *commercial shipping* but the priority demands of U.S. Navy radio traffic have limited this capacity to about half a dozen channels. Thus, even though no more than around 300 out of all the world's merchant ships *have* been equipped to work satcoms, users often have to wait up to an hour for access to a Marisat satellite. Even so, their messages must return to Earth at one of the *three Marisat ground stations on* the east and west coasts of the U.S. and in Japan. This is of little or no benefit to shipowners in Europe and other areas distant from America or Japan if a message sent through Marisat still has to be transmitted onward across the Atlantic or Pacific by submarine cable or conventional high frequency radio to reach its destination.

As *Inmarsat* comes into *operation,* its wide spread of ground stations will need only short landline links between them and shipping industry centres all over the world. Unlike Marisat it is a completely commercial and multi-national system with no military or single-nation priorities. Access to Inmarsat satellites will be *virtually on demand by the 2,000* or more *ships expected* to be *equipped* to use the system by the early 1990s.

Britain's share in Inmarsat (through the Post Office) is 11 per cent of which 1 per cent is subscribed by Cable and Wireless. This is the third largest investment. U.S. has the largest with 22.5 per cent, and the Soviet Union second largest with 14.17 per cent.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

One of a set of pilot-operated safety relief valves for the St. Laurent de Chinon nuclear power station in France undergoing rigorous steam test procedures at the Skelmersdale, *Lancs. works of Dewrance. The company is* also supplying valves of various types to nuclear power stations now being built in Korea and at Valencia, Spain. The pilot-operated valves are used for controlling large bodies of steam at low pressure. Their action *is triggered off by the operation of smaller* safety relief valves.

● COMMUNICATIONS

News by satellite

AN INTERESTING example of the progress being made by private cable *television* and *satellite communications* in the U.S. is afforded by announcements of equipment orders for earth stations and cameras placed by the newly formed Cable News Network (CNN) of Atlanta, Georgia.

Scientific Atlanta is to provide six earth stations worth $700,000 while RCA is supplying studio and portable colour cameras valued at $1.8m.

CNN will use its new Atalanta complex to collect and distribute *news to the U.S. cable* television industry. There are now more than 4,000 cable television operators in the country, over half of which have equipment for receiving satellite relayed programmes. CNN has seven domestic news bureaux in New York, Washington DC, Chicago, Miami, Houston, San Francisco and Los Angeles as well as Atlanta.

Thus, the aerials at Atlanta will be able to pick up *news from many regions* using various satellites and relay it via the RCA Satcom domestic satellite to cable TV operators all over the U.S.

Scans for signals

ULTRA AND very high frequency radio users who need to be aware of particular activity in these bands will be interested in the WJ-8617A receiver which *uses* fully synthesised tuning over the 20 to 100 MHz range and can scan-step between signals.

With the aid of a 6800 microprocessor the instrument can for example, be used in the "scan" mode which allows rapid searching through operator-entered frequency bands of interest, stopping at all signals in which activity and signal strength *exceed operator-programmed* levels. The operator can then listen to the signal and if it is of no interest, press the "exclude" button so that in future stepping through the band, only those signals of interest will be dwelt upon.

It is even possible to make the receiver dwell only on *signals that have been selected* by special demodulators for their particular properties (modulation type for example).

If required signals acquired can be "handed off" to other receivers for closer analysis or monitoring. The receiver can *remember up to 96 channels.*

Manufacturer is Watkins Johnson International, 4 Shirley Avenue, Windsor, Berks. SL4 5JU (07535 69241).

● COMPUTING

More power to home unit

LOW-COST, A stand-alone, personal computer system with its *own interactive graphics has* been given a world launch by Hewlett-Packard.

HP85 is a unit with a powerful central processor, typewriter-like keyboard, cathode *ray tube display, printer*, tape cartridge and graphics capability in a system the size of a portable electric typewriter. BASIC programming makes it easy to use for those without previous *computer experience. A 20-key* numeric pad ensures that data entry or performance of routine arithmetic operations is simple.

Four input/output ports will *connect to a variety of optional* interface modules, giving it powerful capabilities in data acquisition and control applications. Furthermore, the input/output ports will let the user *expand the system to include* plotters, *printers, disc drives* and other peripherals

HP85 comes with 16,000 bytes of read/write memory, with 14,500 bytes available to the user. *The read/write memory can be expanded to 32,000 bytes* (30,500 bytes available) simply by plugging a further memory module into *one* of the *input/output ports on the back of the* machine.

Users can plot data on the display to clarify complex information in easy-to-understand pictorial form. For example, technical *users can check* test results and calculations by doing curve fitting and distribution analysis on the screen: business users can see trends in business operations by looking at a chart *or curve instead of long lists* of numbers. Further, any graphics display on the CRT can be preserved through the built-in printer — an operation that can be commanded simply by press*ing one key.*

HP, *with its extensive experi*ence of powerful desk-top calculators is working from a position of expertise to capture a significant share of the personal computing market.

This has risen from zero in 1975 to an estimated $330m this year, with $3.5bn predicted for 1982.

Hewlett-Packard, King Street Lane, Winnersh, Wokingham, Berks, RG11 5AR. *Wokingham* 784774.

Speeding up progress

*ANNOUNCED BY Intel is a microcomputer development centre which employs 7.3 mega*bytes of hard disc-based cartridge storage and an internal flexible disc of 250 kilobytes.

The company says that the system offers twice the performance and an order of magni*tude of more program, capacity* than its current systems. *Intended mainly for 8086 and* 8085 users it will suit those with large numbers of programs to compile, assemble, link and locate.

Model 240 provides all the hardware and software development tools necessary for the rapid development of a microprocessor-based product and *can be used with all* the company's in-circuit emulator modules.

More from 4 Between Towns Road, Cowley, Oxford OX4 3NB (0865 771431).

● RESEARCH

Control of strain gauge

PPM, calibration and datalogger specialist, is to supply the National Engineering Laboratory in East Kilbride with a novel IEEE 488-compatible scanner, the PPM 8000.

This 800-channel system is for *the NEL creep laboratory* and *will be used where the time*-dependent strain behaviour of engineering materials at high temperatures is investigated.

The tight temperature control required by B.S. 3500, to which the Laboratory's testing conforms, necessitates accurate measurement over long periods of time and in this connection the PPM Scanner will monitor *some 780 thermocouple outputs* from over 200 test units.

The system controller, a Hewlett Packard 9835, will drive and collect data from the Labora*tory's high accuracy strain*-measuring equipment and with the appropriate software, will process time, strain and temperature data and store it on magnetic disc.

GENERAL MANAGEMENT

Republic of Ireland

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You would be joining a major and well respected international group with its roots, and a sizeable presence, in the Republic. The position is in an autonomous company within the Republic with three manufacturing units and a turnover of around £10M.

Initially as Deputy Managing Director, you would be charged with determining the company strategy for the future and then leading the company into new market or product areas, with an emphasis on trading. Progression prospects are good.

To be considered you need to be from Ireland or have a good knowledge of the Irish industrial scene. In addition, you must have had direct responsibility for the successful development of new market or product areas in either consumer durables or light industrial goods.

Your name will not be released until we have briefed you and you have given your consent. To obtain more information please telephone me at our London office.

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Ring for appointments on 283 6022/5748.

V.F.N. EMPLOYMENT

St. Anne's College, Oxford

Applications are invited for the post of Treasurer and Estates Bursar. This is the College's senior administrative post and is open to both men and women. The Estates Bursar is in particular responsible for finance and major work on buildings.

Further particulars obtainable from the Principal. Applications to reach her by 4 February, 1980.

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RATE £19.50

PER SINGLE COLUMN CENTIMETRE

NEW ZEALAND

Managing Director

PETROCHEMICAL INDUSTRY

The New Zealand Government has recently approved the allocation of natural gas to be used in a major (2000 T/Day) Methanol Plant. Two similar-sized plants converting the gas into gasoline by the new Methanol Mobil ZSM-5 class catalyst route will be built to enable New Zealand to achieve 50% self-sufficiency in gasoline. These plants together with the extraction of higher hydrocarbons and other downstream activities will involve an expenditure well in excess of 1 billion dollars over the next decade.

The Fletcher Group, one of New Zealand's largest public companies, intends to play a leading role in the establishment and operation of the Petro-Chemical industry. Fletchers' need a high calibre person to support this aspiration and is seeking applications from suitably qualified New Zealanders or others desirous of returning to or immigrating to New Zealand who wish to participate with Fletchers in this exciting and significant development. Fletchers' immediate requirement is for a person who will lead a Project Team in the establishment of sections of this development. This team leader will enjoy the status and remuneration of a Managing Director of a subsidiary company. He will be Fletchers' representative at Board level in these ventures. He will need to be a person who has large plant chemical processing and marketing experience and skills and will need to have the ability to negotiate at the highest level with Government and other shareholders. Previous participation in the planning, building start-up and operation of a large chemical project is essential.

Applications, which will be treated in the strictest confidence, are invited for the position of Managing Director.

Full details of experience, qualifications, etc., should be airmailed to:

Executive Director-Energy, Fletcher Holdings Limited, Private Bag, Auckland, New Zealand.

Other professionals interested in participating in these ventures, both as project members and later in the ongoing operations are also invited to submit their resumés.

APPROXIMATELY £40/50,000 P.A.

SALARY AND BONUS

Executive position open to ambitious determined individual.

Age: 34-42

Qualifications preferred:

Practical experience of selling and marketing, entrepreneurial and financial flair.

Background:

Capital goods or automotive parts. Proven leadership capability. Good education. Knowledge one or two foreign languages. Import-Export experience.

Board membership with prospects of further promotion possible.

We are a UK public company. Current turnover approximately £20m p.a. with above average growth in past 5 years.

Detailed replies to the Chairman and controlling shareholder: Box A.6999, Financial Times, 10, Cannon Street, EC4P 4BY

Financial Management

Opportunities in Bermuda

As a result of internal promotion, we are seeking a mature professional to manage the Bank's Accounting Department and exercise general control functions.

Applicants should have:—

- An appropriate educational background and a recognised accounting qualification (C.A. preferred)
- Three to six years of progressive post-qualification experience in a financial institution, private industry or public accounting
- Prior experience involving management of accounting staff or equivalent supervisory experience
- Working experience in establishing computerised accounting systems and controls.

Generous compensation and an initial two year contract are offered for the position. Salaries are tax free in Bermuda. The Bank also provides an extensive range of benefits including major medical coverage and an excellent working environment.

Interviews will be held in London during the week of January 14th 1980. Qualified persons should submit a resume of education experience, personal details and salary history, together with telephone numbers where they can be contacted, to:—

London Representative,
Bank of Bermuda,
Grocers' Hall, Princes Street,
London EC2R 8AQ.

THE BANK OF BERMUDA LIMITED

European Procedures

Up to £10,000

Our client is a major international group with interests in industrial gases, engineering and chemicals. It has an outstanding record of growth and profitability and the continuing expansion of its business creates ideal opportunities for the personal development of individuals. It is currently seeking a young professional to ensure that the standardised framework of practices and procedures linking its closely-knit European operations is developed to meet the needs of business expansion.

This will entail working closely with top management to revise existing procedures, and to devise and implement new ones, for every division of its diverse organisation.

You should be under 35 years of age, with at least 3 years' commercial experience in administration, finance or O & M. A degree or a business or professional qualification is essential. There will be some travel within the UK and the Continent.

A starting salary of up to £10,000 pa is envisaged, together with a competitive benefits package.

Ref: A8807/FT

REPLIES will be forwarded, unopened and in confidence to the client unless addressed to the Security Manager listing companies to which they may not be sent. They should include comprehensive career details, not refer to previous correspondence with PA and quote the reference on the envelope.

PA Advertising

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA

A member of PA International

Managing Director

High technology — £25,000

The Vinten Group is a very successful and independent public company with fast-growing interests in high technology. Its activities include the design, manufacture and marketing of products and systems for military and commercial applications world-wide. Current turnover is in excess of £6m. The company seeks a successor for the Group Managing Director who plans to retire in late 1980.

The successful applicant's prime task will be to steer the Group in achieving an ambitious but realistic growth and diversification plan for the 80s.

Candidates will be university graduates in Physics or Electronics who have progressed from engineering to overall business management in a high-technology environment. Evidence of the profitable direction of an autonomous unit is essential. The preferred age range is 40-50. Earnings in excess of £25,000 are envisaged and other benefits are fully competitive.

Location: Bury St. Edmunds.

Ref: GM3/7174/FT.

Initial interviews are conducted by PA Consultants. No details are divulged to clients without prior permission. Please send brief career details or write for an application form, quoting the reference number on both your letter and envelope, and advise us if you have recently made any other applications to PA Personnel Services.

PA Personnel Services

Hyde Park House, 60a Knightsbridge, London SW1X 7LE. Tel: 01-235 6060 Telex: 27874

PA

A member of PA International

PHILLIPS & DREW

Local Authority Dealers

PHILLIPS & DREW, established in the Local Authority Market since 1952, are seeking to expand their existing team. Vacancies exist for trained dealers with two or more years' experience.

Competitive remuneration, including profit-sharing, according to experience.

Please write in the first instance to:

Staff Manager, Phillips & Drew, Lee House, London Wall, London, EC2Y 5AP.

DEPUTY EDITOR MOTOR

A Deputy Editor is needed for Motor, Britain's leading weekly motoring magazine, a general-interest publication dealing with everything about cars and the people associated with them. The Deputy Editor's duties are to help the Editor evolve and process editorial plans, to participate in the development of long-term policy, to supervise the day-to-day running of the magazine and to deputise for the Editor in his absence.

The successful applicant must have a genuine enthusiasm for cars, with some years of experience in motoring journalism; must be capable of writing well; must be a skilled and sensitive editor of other journalists' work; and must be an excellent organiser with a good head for detail, capable of running a team of 22 people on their own initiative, if the occasion demands.

Special consideration will be given to candidates who also have extensive road-test experience, a university degree and a good knowledge of current affairs, with a broad range of interests. The job carries a salary of £7,847 p.a., a company car and a number of significant fringe benefits.

To apply, please contact Miss Linda Canfield, Recruitment Officer, IPC Business Press Ltd., Surrey House, 1 Throwley Way, Sutton, Surrey. Tel. 01-643 8040, Ext. 4089.

IPC BUSINESS PRESS

THE LARGEST COMPLEX OF BUSINESS AND SPECIALIST PUBLICATIONS IN THE WORLD.

GROUP FINANCIAL CONTROLLER

An experienced and qualified accountant, aged 35+, is required to strengthen the financial control function in a West Midlands-based group of engineering companies.

Candidates will be familiar with financial reporting systems in a multicompany organisation and the preparation of consolidated accounts. Duties will include financial reports of potential acquisitions and occasional investigations into subsidiary companies' problem areas.

The person appointed will report to the Group Finance Director.

Salary is circa £10,000 with pension and BUPA benefits. Relocation expenses will be paid where appropriate.

Write to: Peat, Marwick, Mitchell & Co.
Windsor House, Temple Row, Birmingham B2 5LD (Reference DPC)

LOANS ADMINISTRATION

Age 27-32 — to £10,000

Newly-established and rapidly expanding International Bank seeks to appoint a fully experienced Banker to set up a section dealing with the administration of large-scale syndicated loans.

The successful Candidate will possess a minimum of 4 years' experience of international loans admin work, and will be able to demonstrate personal qualities of drive and ambition, together with the ability to supervise and motivate staff.

Excellent prospects exist for personal career development, and the negotiable salary is augmented by a full range of benefits.

Please telephone, in confidence, Mark Stevens

BANKING PERSONNEL

41/42 London Wall, London EC2. Telephone: 01-588 0781

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If you are an able, experienced executive or professional person, yet somehow you are not making the most of your potential, perhaps you need a new approach to your career.

We specialise in assessing and developing senior people towards personal career satisfaction, to take charge of their own futures and to make the most of their talents and experience to achieve optimum personal and financial rewards.

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The Consultants in Executive Evaluation and Career Advancement

London: 35-37 Fitzroy Street W.1.
Please phone: 01-637 2298.

Paris: 116 Av des Champs Elysées 75008. Phone 574-25-30.

We are not an Employment Agency

CONTROLLER

Rapidly expanding management development organisation seeks controller who will report to Vice-President of Finance. Should have 2-3 years' experience as assistant controller with knowledge of aspects of accounting (including fund accounting), EDP systems and in financial planning, analysis, and contract management. This is a new position. The ideal candidate will have private-sector exposure and a familiarity with government contracts and governmental operations. Experience in not-for-profit organisations and grant administration desirable. C.P.A. preferred, business administration degree (or equivalent experience) considered.

Excellent benefits, midtown N.Y. location, salary commensurate with experience.

Send résumé, salary requirements to
Box No. 1234, 1, Times Square, New York, New York 10036

Managing Director

South East
c. £20,000

Our client company is an established leader in a specialised industrial plant field with a turnover of around £3m and every prospect of doubling this by diversifying. A member of a large group it has strong financial and technical support, and the approaching retirement of the present Managing Director provides an opportunity for reorganization.

This appointment calls for a person with proven success in the management of a company in the engineering industry, preferably as Chief Executive. An engineering background is essential, and sound commercial judgement and the ability to motivate at all levels are equally important. Age ideally around 45.

Telephone 01-248 6113 or write for an application form, quoting reference 2488/L to E. W. Cornford, Executive Selection Division,

165 Queen Victoria Street,
Blackfriars,
London, EC4V 3PD.

Peat, Marwick, Mitchell & Co.

ACCOUNTANT — JORDAN

An active and expanding company involved in irrigation throughout the Middle East is anxious to employ a qualified accountant. The successful applicant will report to the Finance Director and will be responsible for the presentation of monthly management accounts and the provision of financial information, budgets, cash flows etc. Candidates should have the ability to supervise and organise the work of a small accounts department. The position is situated in Amman, Jordan. The remuneration package includes company-maintained motor vehicle, free housing, generous cost-of-living allowance, free medical and life insurance cover, plus generous holiday allowance. A very attractive salary is offered. The position would ideally suit a single man in his mid-twenties.

The Finance Director will be in the UK to carry out interviews on the 7th and 8th January, 1980. Please telephone for an appointment.

Mr. F. Rademeyer
CAMERON IRRIGATION COMPANY LIMITED
Littlehampton, West Sussex. Tel: Littlehampton (09064) 3985

Male or Female

CANADIAN CAREER OPPORTUNITIES

We are a successful management consulting firm, specialising in recruiting and placing of professionals in many industries at various levels.

Due to projected expansion in 1980, we are also seeking professionals in the Career Development and Executive Recruiting Division, Accounting and Finance, Technical, Secretarial, etc. The position offers a high degree of challenge, opportunity, and monetary rewards. We will be in The Strand Palace Hotel on January 3rd, 4th, 5th. For an appointment phone Steven Shaw (01-836 8080).

Our address in Canada:
STEVEN SHAW & ASSOCIATES,
696 Younge St., Suite 807, Toronto, Ontario M4Y 2A7

DIVISION OF Emerald Canada Limited

CONTRACTS AND TENDERS

Irish Gas Board

In connection with a proposed Natural Gas Pipeline System from Mahon to the Ringaskiddy area which is scheduled for construction in the Spring and Summer of 1980, the Irish Gas Board invites tenders from Contractors or Consortia experienced in the construction of Gas Pipelines and above-ground installations for one or both of the following contracts:—

Contract Number BGE/80/1
Comprising:
(a) approximately 14 km of pipeline of 450 mm and 300 mm diameter pipe to a minimum depth of cover of 1.2 m.
(b) approximately 0.5 km river crossing of 450 mm diameter pipe.
(c) Two above-ground installations of the block valve design.

Contract Number BGE/80/2
Comprising:—
(a) An above-ground installation including gas metering, filtering, heating and pressure control facilities.
(b) An above-ground installation of a Skid Type design.
(c) 0.5 km of 300 mm diameter pipeline suspended from two bridge sections.

Application for tender documents in respect of either contract must be lodged with the undersigned not later than 12.0 noon on 15th January 1980.

The application must be accompanied by a deposit of £100 in respect of each contract, returnable on receipt of a bona fide tender not subsequently withdrawn.

Tenderers will be advised on dispatch of the tender documents of the closing dates of tender submissions. Tenderers will be required to furnish evidence of competence.

The Irish Gas Board does not bind itself to accept the lowest or any tender.

Signed Secretary
BGE — Irish Gas Board
P.O. Box 51, Inchera, Little Island, Co. Cork, Ireland.

PAPUA NEW GUINEA ELECTRICITY COMMISSION
WARANGOI HYDRO-ELECTRIC SCHEME
PRE-QUALIFICATION OF CIVIL WORKS TENDERS

Interested contracting firms are invited to submit applications for inclusion on the list of prospective Tenderers for Construction of the Warangoi Hydro-Electric Scheme.

The project is principally the provision of a 2 x 5 MW hydro-electric plant. The Civil Works for which pre-qualification is requested include construction of the following:

LOT NO. 1
— 3600 M. long 12 m² concrete conduit,
— 3700 M. long 12 m² headrace tunnel in soft rock,
— Vertical surge chamber 60 M. high, 13.5 M. upper diameter.

LOT NO. 2
— 40 M. wide low concrete weir with a 15 x 2.5 M. gate, intake and sand traps,
— Stabilisation of the river-bed with about 1,600 piles,
— Foundations for a 95 M. long penstock,
— Power-house with steel superstructure,
— 600 M. long tail-race channel and flood protection embankment.

Lot No. 2 also includes supply and erection of the hydraulic steel-works for the weir and intake.

Lot No. 1 is financed by the Asian Development Bank (A.D.B.) in co-operation with the Government of Norway.

Lot No. 2 is financed by the Overseas Economic Cooperation Fund (O.E.C.F.) of Japan.

Participation in the prequalification is open to tenderers from the following countries:
For Lot No. 1: The member countries of A.D.B.
For Lot No. 2: The member countries of O.E.C.D. and developing countries covered by the Statistical Reporting Directives of D.A.C. of the O.E.C.F.

Applications shall be submitted separately for Lot 1 and 2 on official forms which are obtainable, together with the P.Q. brochures from the office of the Consultants for the project:

NORCONSULT A.S., P.O. BOX 9, 1322 HOVIK, NORWAY.
PHONE: 02-53 00 00
TELEX: 18815 NORCO N

Submission of Applications closes on: 14 March, 1980

Esso

Senior Tax Specialist

Esso Petroleum Co. Ltd., is seeking a Senior Tax Specialist for its Tax Department located in Central London.

The post will involve all aspects of corporate group taxation including provision of advice to affiliated overseas interests on UK tax matters. There will also be involvement with other taxes.

The requirement is for an understanding in depth of UK tax legislation. The post would therefore, be attractive to an Inspector of Taxes (Higher Grade) with full technical training, or equivalent experience in the legal or accounting professions, or in commerce.

Age—up to 34. Salary is negotiable but will adequately reflect the responsibilities to be undertaken in this senior tax position.

Write in complete confidence to: Recruitment,
Esso Petroleum Co. Ltd., Esso House, Victoria Street,
London SW1E 5JW.

LEGAL NOTICES

Notice to Creditors of

INVESTMENT PROPERTIES INTERNATIONAL, LIMITED

(in Liquidation)

NOTICE IS HEREBY GIVEN that all persons having claims against Investment Properties International, Limited, which is in process of winding up pursuant to an Order of the Supreme Court of Ontario, Canada, must advise the undersigned Liquidator on or before the 4th day of February, 1980. Creditors must submit their names and addresses, statements of their accounts, full particulars of their claims and the nature of their securities (if any), proved by affidavit and by all available supporting vouchers. The Liquidator may be obliged to disregard any claims received after that date.

MacPherson Hubbell, F.C.A.
Permanent Liquidator
c/o Price Waterhouse & Co.
P.O. Box 51
Toronto-Dominion Centre
Toronto, Canada M5K 1G1

Please note that this notice is not directed to shareholders, but only to creditors of Investment Properties International, Limited. It is not directed to any other company within the I.O.S. group.

THE COMPANIES ACTS 1948 TO 1967
AQUARIUS EMPLOYMENT BUREAU (CITY) LIMITED

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company are required on or before the 30th day of January, 1980, to send their names and addresses and the particulars of their debts or claims, and the names and addresses of their Solicitors, if any, to

KEITH DAVID GOODMAN, FCA,
of 3/4 Bentinck Street,
London W1A 3BA,

the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are by their Solicitors, or personally, to come in and prove their said debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 19th day of December, 1979.

K. D. GOODMAN, Liquidator.

THE COMPANIES ACTS 1948 to 1976
MADISON ARTISTS LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of Leonard Curtis and Co., situated at 3/4 Bentinck Street, London W1A 3BA on Monday, the 7th day of January 1980, at 3.00 o'clock in the afternoon, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 19th day of December 1979.

By Order of the Board,
Reginald J. Smith, Director.

THE COMPANIES ACTS 1948 TO 1976
WISROOK LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of

LEONARD CURTIS & CO.,
situated at 3/4 Bentinck Street,
London W1A 3BA,

on Friday, the 4th day of January 1980, at 12 o'clock midday, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 20th day of December, 1979.

By Order of the Board,
MRS. Z. LEWIS, Director.

PUBLIC NOTICES

HAMPSHIRE CORPORATION BILLS £6,000,000 Bills issued 2nd January, 1980, at 15.6953125% to mature 30th January, 1980. Applications £42,000,000. Outstanding £42,000,000.

GRAVESHAM CORPORATION BILLS £500,000 Bills issued 2nd January, 1980, at [illegible]% to mature 2nd April, 1980. Applications £4,250,000. Outstanding £500,000.

TRAVEL

GENEVA, Basle, Zurich and Berne, widest range of cheap flights from 4 UK airports. Brochure FALCON 01-351 2191.

OBITUARY

ARDEN, FRANK, C.B.E. Suddenly on the 22nd December, 1979, aged 64 years, of Glentworth House, Glentworth, Gainsborough, Lincolnshire. The dearly loved husband of Dorothy, devoted father of Lynne, Meryl and Paul, brother of Sylvia and adored grandfather of Paul. Private cremation. Memorial service to be announced at a later date.

EDUCATIONAL

"THE ABSORPTION OF YOUTH IN THE 1980s"

AIESEC, the International Association of Economics and Business Students, are running a SEMINAR on this current problem on 1st & 2nd APRIL 1980, in BIRMINGHAM

For information contact Peter Bourne
021-472 1301 ext. 3131

BOND DRAWINGS

REPUBLIC OF AUSTRIA
6% Bonds 1979/84

S. G. WARBURG & CO. LTD., announce that the redemption instalment of U.S.$1,200,000 due 31st January, 1980 has been met by purchases in the market to the nominal value of U.S.$484,000 and by a drawing of bonds to the nominal value of U.S.$716,000.

The distinctive numbers of the bonds, drawn in the presence of a Notary Public, are as follows:—

$1,000 Bonds

14770 to 14773	14775 to 14783	14799 to 14806	14810 to 14819	14834 to 14838
14846 to 14861	14864 to 14868	14878 to 14890	14894 to 14896	14899
14901 to 14916	14932 to 14935	14940	14943 14944	14950
14953 to 14955	14966	14976 to 14983	14991	14994 to 14997
15004 to 15018	15024 15025	15029 to 15036	15045 to 15049	15054
15064	15075	15077 to 15105	15111 to 15129	15132 to 15134
15172 to 15179	15198 to 15204	15206	15229	15240
15248	15252	15261 to 15263	15268 to 15274	15278 to 15296
15303 15304	15308 to 15322	15327 to 15332	15334 15335	15337 to 15340
15356 to 15361	15366	15372 to 15377	15380 to 15383	15386 to 15390
15392	15398 15399	15401 15402	15404 15405	15407 to 15425
15438 to 15443	15446 to 15457	15464 15465	15468 to 15472	15488 to 15492
15498	15510 15511	15521 to 15527	15544 to 15551	15553 to 15555
15558 to 15563	15568 to 15571	15573 15574	15583 to 15586	15621 to 15628
15641 to 15643	15645 to 15650	15661 to 15758	15761 to 15765	15771
15776	15807 to 15812	15818 to 15822	15824 to 15830	15841 to 15865
15867 15868	15872 to 15876	15879 to 15882	15887 to 15904	15906 to 15911
15918 to 15920	15923	15928	15942 to 15956	15966 to 15975
15996	15999 to 16026	16029 to 16033	16035 to 16060	16064 16065
16070 to 16074	16077 to 16088	16101	16110 to 16112	16114 to 16117
16121	16124	16126 16127		

On 31st January, 1980 there will become due and payable upon each bond drawn for redemption, the principal amount thereof together with accrued interest to said date at the office of:—

S. G. WARBURG & CO. LTD.,
30, Gresham Street, London, EC2P 2EB,

or one of the other paying agents named on the bonds.

Interest will cease to accrue on the bonds called for redemption on and after 31st January, 1980 and bonds so presented for payment must have attached all coupons maturing after that date.

U.S.$4,800,000 nominal amount will remain outstanding after 31st January, 1980.

The following bonds, drawn for redemption on dates given below have not as yet been presented for payment.

31st January, 1978

16742	16761 to 16763	17147 17148	17152	17481

31st January, 1979

1287	1431 to 1438	1441 1442	1512 to 1514	1549 to 1552
1589 to 1593	1743	1782 1783	1879 to 1883	2022
2032 2033	2051 to 2062	2064 2065	2086 to 2093	2130
2136	2140	2197 2198	2261 to 2265	2311
2697 to 2704	2710	2769 to 2772	2865 2867	2869
2909 2910	2943 to 2946			

30, Gresham Street, London, EC2P 2EB.

3rd January, 1980

BUSINESS AND INVESTMENT OPPORTUNITIES

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

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A limited holding is available in a company which may return up to 15% per annum on capital invested to be represented as earned income and recognised fringe benefits. Investment is fully covered by assets and capital is likely to continue to appreciate. For further details, please reply in the first instance to the Secretary, Tranbans Investments Limited, 35 Trevor Square, London, SW7 1DY.

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All replies in strictest confidence. *Write Box G.5082, Financial Times, 10, Cannon Street, EC4P 4BY.*

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By substantial non-tariff Company. The advertiser holds a ground lease on commercial premises newly erected which were constructed under licence to the highest possible fire resistance standards against which a new lease was granted with a specific insurance clause that the building had to be insured with the ground landlords tariff insurance company. At present renewal of insurance has been offered at a price 20 times higher than the normal fair premium.

The Company in occupation of the premises has made no claim whatsoever under the building insurance and has a completely clean insurance record.

We have been invited to obtain alternative quotations but other tariff companies have refused to quote:

CAN YOU HELP US?

Write Box G.5081, Financial Times, 10, Cannon St., EC4P 4BY.

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Write or telephone for further details:

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2 Goldie Terrace, Upper Church Street, Douglas, Isle of Man.
Telephone Douglas (0624) 22435
Telex 628241
After hours and weekends 0624 25115

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AMERICAN JET-ENGINE

Patent No. 3940926 granted 2nd March, 1976, I hold exclusive full patent rights to the variable cycle concept of jet-engine currently being developed by N.A.S.A. and American industry as the power unit for both military and civil aircraft through 1980s, I require the advice, assistance and financial backing of any international British or American investment group, company or corporation to convert the potential royalty value of this patent into money. Minimum investment £50,000, maximum £1m.

Write Box G.5087, Financial Times, 10, Cannon Street, EC4P 4BY.

A SMALL PUBLIC COMPANY

in the service industry is receptive to hearing from principals engaged in service industries who would like a quotation, reversing into an existing public company. There are no pre-requisites to negotiation but the ideal company would be making profits in the region of £500,000. Please reply to the chairman, Box G5083, Financial Times, 10, Cannon Street, EC4P 4BY.

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requires suitable
SMALL CRAFT MADE ITEMS
Send details to:
Freebrook Ltd.,
12/13 St. Nicholas Cliff,
Scarborough.

MICROCOMPUTERS

An opportunity exists to purchase part of the equity of a small professional microcomputer systems house with established range of products. Serious enquiries from Principals only please. Write Box G5085, Financial Times, 10, Cannon Street, EC4P 4BY.

BUSINESS OPPORTUNITIES NIGERIA

A Nigerian director now in London is interested in joint ventures. Our company is prepared to represent you in Expo March 1980 taking place in Lagos. Several Nigerians on our files want to negotiate business.

Details: JB, 34 Malpas Road, London SE4 1BS.
Tel: 01-691 0884 (24 hrs.)

PRIVATE COMPANY

engaged in commercial vehicles and car hire with current year's profits in excess of £100,000 would welcome discussions with a Public Company with a view to selling a majority stock. Young and experienced management will remain to expand the Company. Principals only please reply to

Box G.5084 Financial Times, 10, Cannon Street, EC4P 4BY.

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LOMBARD

The Devil gets the good tunes

BY ANTHONY HARRIS

I HAVE RATHER studiously refrained from joining in the public argument on the merits or demerits of funding through indexed bonds, because I may be thought to have something of an obsession about the subject.

The Standard Life's admirable Mr Wilkie, Mr. Alan Clark MP and the rest of the great and the good can probably do better without any help from me—apart from the fact that I am not actually in favour of cost-of-living indexation (not even for Civil Servants on pensions) and don't want to confuse the issue.

Appealing

Recently, however, I heard an argument against the whole approach which seemed to me so wrong-headed, and yet so likely to appeal to the powers-that-be, that I am moved to join in after all. It goes like this.

"I quite understand about indexation," said my luncheon neighbour. "It would do all the things you people claim. But that's just the trouble. If you make Government borrowing so simple, just think of what a man like Tony Benn would get up to. You dare not put a weapon like that in his hand." I can almost feel the breeze as grey heads in Threadneedle Street nod in agreement.

Now only in a country with a national phobia about Mr. Benn—who is not really very likely to lead the Labour Party—could such an argument be put forward with a straight face. Only in Britain, in other words, can one argue solemnly that an idea is unacceptable BECAUSE IT WOULD WORK.

Anyone interested in such matters has long got used to hearing such arguments in Threadneedle Street or Treasury Chambers. Our public servants, in their Platonic devotion to continuity, have always modelled their strategy on the apocryphal mother who sent out a messenger to "find out what Johnny's doing and stop him."

A whole generation ago Francis Cornford elaborated the doctrine of Unripe Time. Along with the doctrines of Administrative Difficulty, of Incompatibility with our Obligations (to the EEC, the Special Relationship, or any other convenient household god). If any hard-pressed civil servant should so far forget decorum as to break loose in Whitehall with a spray can. I have little doubt that the slogan he would paint up is the one once glimpsed by a connoisseur in Harvard, as I remember: "PROCRASTINATE NOW!"

Since it is the job of civil servants to prevent their masters from doing anything rash, one can sympathise with this approach from their point of view. I have a good deal less sympathy for a City man whose only direct interest is to preserve the buyer's market in gilts. But a politician, surely, should be on the other side of the argument.

The plain fact is that if there is a solution to the funding problem which is being obstructed by official advice, that obstruction will be overcome sooner or later: it always is. The path to every major policy change, from devaluation to floating and no doubt back into the EMS, to the imposition and to the abolition of exchange controls, to indexing tax allowances and to failing to index them, is littered with the dead bodies of advisers. The argument that the Opposition cannot be trusted with some new weapon is equivalent to saying that the Opposition should have a monopoly of it.

Limitations

In short, the best tunes are reserved for the Devil, officially. Please note that what is really at issue here is not funding policy, but democracy; it is not whether indexation would work, but whether politicians can be trusted with solutions that work—and whether, in the long run, they can be prevented from trying them. Now it may well be that the Bank officials and civil servants are right and politicians are not to be trusted. Their powers should perhaps be limited, by a written Constitution or by a Bill of Rights. Perhaps the present rather anti-Government government will be friendly to such checks.

But what really does need to be understood and stood up to is our present unwritten constitution—limitation by delay and by manufactured crises, and by barring the road to sound solutions, always labelled the Easy Way Out. If there is an easy way out, as the Economist once argued, why not take it? The barriers will only stand until they are assaulted.

A case for stronger international laws

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

THIS PROMISES to become one of those watershed years.

When the oil crisis started in 1973, two opinions could be heard. Some believed that the Arabs would never agree on a minimum price. Others thought that if they did, the West would not stand for it. The price of crude was then approaching $5 a barrel.

It took seven years and the price hitting $30 before the OPEC cartel cracked — because the oil producers did not agree on a maximum price so that the sky is now the limit unless the oil consuming countries make a stand. They are vaguely hinting that they might. For the time being, however, the industrial countries are under more than one form of pressure. Without some rules, no business is possible. All will suffer if the structure of international trade and finance is allowed to collapse.

Mandatory

For some years now, the demand for codes of conduct or even mandatory rules to protect the less developed countries against multi-national companies has absorbed almost the entire attention of UN agencies. The tables might be turned soon. It is the West and the multinationals that will need legal protection if trade and transfers of technology are to continue. As hope of an immediate agreement between Governments are slender, it will be left to arbitrators to create some sort of home-made rules. The recently published awards of arbitration between Libya and the oil companies, whose concessions were nationalised (discussed in this column last week) are evidence of the disenchanted lawyers' search for a new law.

International contracts can hardly be regulated without some agreement on the restrictions of sovereignty on the one hand and of the exterritorial application laws on the other. In 1980, British courts may, for the first time, be called upon to administer the new legislation introduced to protect British companies against the intrusions of U.S. courts, particularly in antitrust and product liability cases. But the newly-erected defences may well be useful also against other countries which feel tempted to emulate the U.S. example. The doctrine that courts have jurisdiction over acts which have effect on their territory even if those acts were committed abroad is endorsed by the European Judgment Convention 1968 to which the UK undertook to accede.

* * *

The problem of exterritorial jurisdiction has received another dimension: not only British but also French and German courts have been asked to sort out the bundle of claims and counterclaims of American and Iranian banks resulting from the freeze of Iranian dollar funds by President Carter and from the attempt to obtain additional security for outstanding Iranian loans.

An attempt has been made to obtain protection from U.S. courts for European branches of U.S. banks observing the freeze. Chase Manhattan obtained on December 12 from a U.S. Federal judge a temporary order restraining Bank Markazi from sueing Chase Manhattan in courts outside the U.S. The Chase Manhattan application was made in the Southern District Court of New York. If sustained, the success of such an order would depend on the sanctions which the U.S. court could impose.

The freeze concerns dollar deposits only. There seems to be only one way by which the American banks could possibly succeed in European courts. They would have to be able to prove that all the money which the European branches owe to Iran is held as it were in one big heap in the U.S. by their headquarter organisations. It is not known whether such a claim was made, or indeed, whether it can be made—but European courts certainly could not order performance in the U.S. which would be contrary to the freezing order. They are almost certain not to accept the U.S. freeze as a sufficient defence against claims for the repayment of Iranian dollar funds in Europe.

* * *

English and German courts this year may feel the first ripples of the incoming tide of new competition cases resulting from the stricter legislation now about to be adopted in both countries. The protection of competition is seen, next to monetary restraints, as an important weapon against inflation and recession. The new legislation is designed to give greater protection to small enterprises both against abuses of market power by the great, and against takeovers.

It is hoped that the greater flexibility of small and medium-sized enterprise will facilitate the restructuring of national economies necessitated by the increased costs of energy and the frequently immanageable industrial relations in very large enterprises, a restructuring made possible by technologies including that of the silicon chip. However, any protection which competition laws may give to the small enterprise may come too late unless the harsh treatment which small businesses receive in insolvencies of the big ones is abandoned.

This year we may be faced with the continuation of the saga of the floating charge which enables the banker to get back all a failed company owed him, but leaves the supplier and sub-contractor high and dry. This not only accelerates the elimination of the smaller, flexible firms and of the elasticity which they give to the economy but, as Anthony Harris has pointed out on this page, the floating charge is also an important stimulus to the expansion of bank credit and therefore works against a restrictive monetary policy.

In view of the slowness of the legislative process, the only hope is that the courts will further widen the protection granted by the Romalpa decision, allowing the reservation of title to goods, and will apply the principle of fairness and good faith to the relationship between parent companies and subsidiaries when creditors are likely to suffer from a reluctance to lift the corporate veil. In English law, a parent company can sacrifice its subsidiary—and its creditors—for the parent company's benefit (as exemplified by the Triumph Investment Trust failure) and is not obliged to come to the subsidiary's rescue, as Lord Justice Roskill noted when dismissing Caleb Brett's appeal on December 19th, 1979.

A similar set of problems exists in Germany. Though German law does not provide the banker with the all-embracing floating charge, he can achieve much the same effect by obtaining from his debtor three separate documents: one mortgaging his real estate, another ceding to the banker claims against customers, and a third, effecting a cession of title to goods in the warehouse. While the German banker in this way achieves protection almost as good as his English colleague, the German supplier or sub-contractor is in an even worse position than his English counterpart. While the English floating charge has to be registered in the Companies House, there is no such duty imposed in Germany. Suppliers have no means of finding whether the assets of the company will be available for satisfaction of their claims in the case of insolvency. The German courts, however, have tried to restore the balance by declaring that it is unethical to leave the creditors in ignorance of the pledges made to the bank and by using Section 826 of the German Civil Code to annul their effect.

APPOINTMENTS

Equity Law managerial posts

At EQUITY AND LAW LIFE ASSURANCE SOCIETY the following appointments have been made: Mr. J. P. Smith to be chief investment manager; Mr. R. A. D. Booth, Mr. R. B. Davidson and Mr. P. G. Smith to be investment managers; Mr. A. C. Gardner to be research actuary; Mr. R. Thompson to be data processing manager; and Mr. R. J. Yerbury to be an investment secretary.

*

EUROPEAN BANKING COMPANY has made the following appointments: Mr. W. R. Slee as a deputy managing director; Mr. N. R. Balfour and Mr. R. C. Kahrmann to executive director; and Mr. J. W. Birkett to assistant director. Mr. Ronald Albert Strunck, formerly with Levesque Beaubien Inc., London, has joined European Banking Company as a manager. His primary responsibility in the corporate finance department will be the supervision of the syndication and placement activity of the bank.

*

Mr. A. G. Semple has been appointed principal finance officer for the PROPERTY SERVICES AGENCY. He succeeds Mr. G. May who will be moving to the Water Directorate in place of Mr. Semple.

*

Mr. John K. Johnson, manager of consumer marketing, has been appointed deputy managing director of KELLOGG COMPANY OF GREAT BRITAIN with responsibility for sales and marketing in succession to Mr. Michael Darling who has been promoted to executive vice-president responsible for sales and marketing of the U.S. food products division. Mr. David Clarke has become manager of consumer marketing and Mr. Colin Bell has been made manager of marketing development.

*

Mr. K. J. Ainslie, formerly manager of SCOTTISH PROVIDENT'S Leeds branch, has been appointed manager of Manches- branch. Mr. Ainslie takes over from Mr. Martin Cregan who is retiring early. Mr. M. J. Bowness, formerly assistant manager at Nottingham branch, has been appointed manager of Leeds branch.

TV Radio

† Indicates programme in black and white

BBC 1

10.00am What a Mess. 10.5 Jackanory. 10.20 Captain Caveman. 10.30 Why Don't You . . . ? 10.55 Magic Roundabout. 11.0 Mickey Mouse Club. 11.15 Greatest Heroes of the Bible. 12.45pm News. 1.0 Mary Chipperfield's Wildest School on Earth. 1.30 Heads and Tails. 1.45 Tennis: Braniff Airways World Doubles Championship. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.0am). 4.20 Deputy Dawg. 4.25 Jackanory. 4.40 Screen Test. 5.0 John Craven's Newsround. 5.5 Blue Peter. 5.40 News. 5.55 Nationwide (London and South East only). 6.20 Nationwide 1980. 6.55 Tomorrow's World looks forward to the 80s. 7.20 Top of the Pops. 7.45 White Rock. 8.00 Russia Strikes (Panorama Special). 9.00 News. 9.25 Play for Today: Chance of a Lifetime by Robert Holman. 10.40 Tennis: Braniff Airways World Doubles Championship (highlights). 11.35 Weather/Regional News.

All Regions at BBC-1 except as follows:

Wales—5.55-6.20 Wales Today. 6.45-7.10 Heddiw. 11.35 News and Weather for Wales.

Scotland—5.55-6.20pm Reporting Scotland. 11.35 News and Weather for Scotland.

Northern Ireland—3.53-3.55pm Northern Ireland News. 5.55-6.20 Scene Around Six. 6.45-7.10 Sportsweek. 11.35 Tomorrow's World. 12.0 News and Weather for Northern Ireland.

England—5.55-6.20pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

11.00 am Play School.
3.55 pm Tennis: Braniff Airways World Doubles Championships.
4.50 Open University.
†5.40 Flash Gordon Conquers the Universe.
6.00 Atoms for Enquiring Minds.
7.00 The Brothers Lionheart.
7.25 Mid-Evening News.
7.35 The Line that Refused to Die: The story of the Festiniog railway in North Wales.
8.15 Talking Pictures.
9.00 Peter Ustinov and Natalie Wood at The Hermitage.
10.30 A Celebration for Stephane Grappelli, with Didier Lockwood and David Grisman, part 1 (part 2 tomorrow).
11.20 Late News.
11.35 Richard Stilgoe takes an optimistic look at the week.
12.00 Music at Night.

LONDON

9.30 am Cartoon Time. 9.35 The King's Horses. 10.00 Animated Classic. 10.50 Fantasy Island. 11.45 Sword of Peace. 11.55 The Bubblies. 12.00 Topper's Tales. 12.10 pm Stepping Stones. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Crown Court. 2.00 Once In A Lifetime. 2.45 ITV Playhouse. 3.45 Looks Familiar. 4.15 Huckleberry Finn.
5.45 News.
6.00 Thames News.
6.35 Crossroads.
7.00 The Walt Disney Classics.
7.15 T. R. Sloane of the Secret Service.
9.00 News.
9.30 "Don Pasquale."
11.35 The Streets of San Francisco.
12.30 am Close: Personal choice with Cyril Luckham.

All IBA Regions as London except at the following times:—

ANGLIA

9.40 am Cartoon Time. 9.50 Young Fisherman of Bay Bulls. †10.15 Feature Film: "The Blue Peter," starring Kieron Moore, Greta Gynt and Sarah Lawson. 11.45 Cartoon Time. 1.25 pm Anglia News. 4.15 Tarzan. 5.15 Bygones. 6.00 About Anglia. 6.20 Arena. 11.35 Power Without Glory. 12.30 am Christians in Action.

ATV

9.35 am Untamed Frontiers. 10.00 World Cup Athletics. 10.30 "The Great St. Trinian's Train Robbery," starring Frankie Howard and Dora Bryan. 12.30 pm Gardening Today. 1.20 ATV Newsdesk. 4.15 Windows. 4.20 The Jetsons. 4.45 Project UFO. 6.00 ATV Today. 11.35 In Search of . . . Haunted Castles.

BORDER

10.00 am Elephant Boy. 10.30 Untamed World. 11.00 Lucan. 11.50 Cartoon Time. 1.20 pm Border News. 4.15 The Lost Islands. 4.45 Tarzan. 6.00 Lookaround Thursday. 11.35 Soap. 12.05 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 4.15 Project UFO. 5.15 Stars on Ice. 6.00 Report at Six. 11.35 Channel Late News. 11.39 Mannix. 12.34 am News and Weather in French.

GRAMPIAN

9.40 am First Thing. 10.10 Tarzan. 11.00 People of the Seal. 1.20 pm Grampian News Headlines. 4.15 Sandringham Sydney and Company. 5.00 The Wild Boy. 6.00 Grampian Today. 6.05 England Their England. 11.35 Reflections. 11.40 Streets of San Francisco. 12.35 am Grampian Late Night Headlines.

GRANADA

9.30 am Sesame Street. 10.25 Dynomutt The Dog Wonder. 10.45 The Land. 11.05 The Beatles. 11.25 Little Vic. 11.45 A Handful of Songs. 1.20 pm Granada Reports. 4.15 Shirley Temple in "The Bluebird." 6.00 Granada Reports. 11.35 Dan August.

HTV

9.35 am Kum Kum. †10.00 "The Count of Monte Cristo." 11.50 The Animates. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 5.15 Cartoontime. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Give Us A Clue. 11.35 Chopper Squad.

HTV Cymru/Wales—As HTV General Service except 1.20-1.25 pm Penawdau Newyddion Y Dydd. 6.00-6.15 Y Dydd. 6.30 A Spate of Flooding.

HTV West—As HTV General Service except+ 1.20-1.30 pm Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

9.30 Aesop's Fables. 10.00 Feature Film: "The Millionairess," starring Peter Sellers and Sophia Loren. 11.30 Hobson's Choice. 1.25 pm News and Road and Weather. 4.15 The Sooty Show. 4.45 The Book Tower. 5.10 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Bailey's Bird. 11.35 Late Call. 11.40 Mannix.

SOUTHERN

9.30 am Clue Club. †9.55 "Tale Of Two Cities" starring Dirk Bogarde. 1.20 pm Southern News. 2.00 Houseparty. 2.30 Cartoons. 4.15 Project UFO. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day By Day. 6.30 Father Dear Father. 11.35 Southern News Extra. 11.40 Barney Miller.

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 9.30 Wanted: A Whale. 10.30 Space 1999. 11.20 Animated Classics. 1.20 pm North East News and Lookaround. 4.15 "The Blue Bird" starring Shirley Temple. 6.00 Northern Life. 11.35 Old Man's Story. 12.05 am Soap. 12.35 Epilogue.

ULSTER

10.25 am The Herbs. 10.35 Untamed World. 11.00 Stars In Their Eyes. 11.50 The Animates. 1.20 pm Ulster News Headlines. 1.22 Cartoon. 4.13 Ulster News Headlines. 4.15 Little House On The Prairie. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Ulster Television News. 6.05 The London Rock And Roll Show. 11.35 Pro-celebrity Darts. 12.03 am News At Bedtime.

WESTWARD

9.55 am Babel Yemen. 10.30 Chopper Squad. 11.20 The Beatles. 11.45 Cartoontime. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 4.15 Project UFO. 5.15 Stars On Ice. 6.00 Westward Diary. 11.35 Westward Late News. 11.39 Mannix. 12.30 am Faith For Life. 12.35 West Country Weather and Shipping Forecast.

YORKSHIRE

9.30 am Young Ramsey. 10.20 The Secret Lives of Waldo Kitty. 10.45 Call It Macaroni. 11.10 Cash and Company. 1.20 pm Calendar News. 4.15 Rocket Robin Hood. 4.45 Tarzan. 6.00 Calendar (Emley Moor and Belmont editions). 11.35 Fantasy Island

Radio Wavelengths

1 1053kHz/285m, 1089kHz/275m
2 693kHz/433m, 909kHz/330m & 88-91vhf stereo
3 200kHz/1500m & 92.95vhf
4 1215kHz/247m & 90-92.5vhf stereo

BBC Radio London: 1485kHz, 206m & 94.9vhf

Capital Radio: 1548kHz, 194m & 95.8vhf

London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(s) Stereophonic broadcast
‡ Medium wave

[illegible]

RADIO 2

[illegible]

RADIO 3

[illegible] 1979: Chamber music concert, part 1 (s). 11.05 Interval Reading. 11.10 Concert, part 2. 11.50 BBC Welsh Symphony Orchestra (s). [illegible]

RADIO 4

[illegible] news. 1.00 World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Listen with Mother. 3.15 Afternoon Theatre (S). 4.15 Any Answers? 4.45 Short Story. 5.00 PM News magazine. 5.50 Shipping forecast. 5.55 Weather: programme news. 6.00 News. 6.30 Lord Peter Wimsey. 7.00 News. 7.05 The Archers. 7.20 Time for Verse. 7.30 Mackerras conducts the English Chamber Orchestra Concert, part 1: (S). 8.15 John Wells on . . . 8.35 Concert part 2 (S). 9.15 Gold in the River: The 1930s Depression in New Zealand. 9.30 Kaleidoscope. 9.59 [illegible]

BBC Radio London

[illegible]

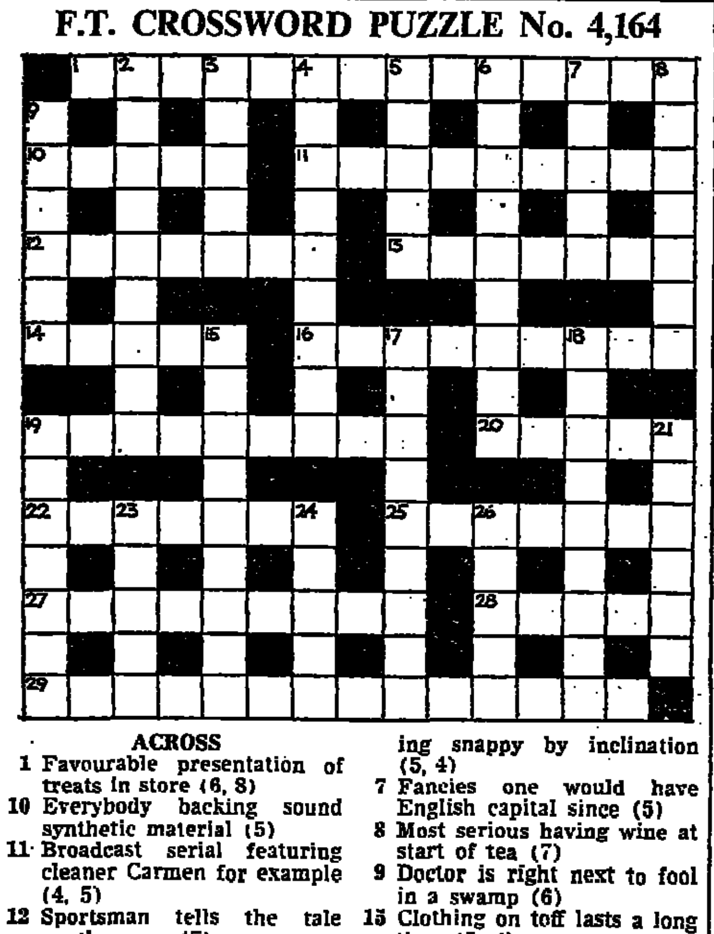
London Broadcasting

[illegible]

Capital Radio

[illegible]

F.T. CROSSWORD PUZZLE No. 4,164



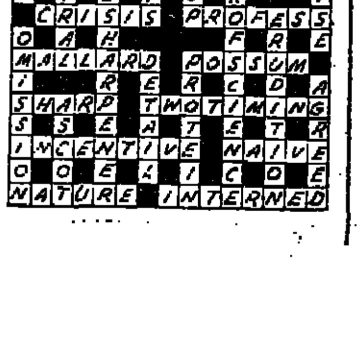
ACROSS

1 Favourable presentation of treats in store (6, 8)
10 Everybody backing sound synthetic material (5)
11 Broadcast serial featuring cleaner Carmen for example (4, 5)
12 Sportsman tells the tale another way (7)
13 Is old Bob entering friend as a French painter? (7)
14 Silicon given fresh strength (5)
16 Fool to trouble worker with attacker (9)
19 Unruly lad his men ill-treat (9)
20 Backward with German, I'd be shy (5)
22 Information on two points is traced to origin (7)
25 First of month with the German game that's conclusive (7)
27 Travel one can have with eastern scold (9)
28 First-class student newsman was sick (5)
29 Training literally for prentice witches? (8, 6)

DOWN

2 Unemployed for whom old Nick finds work (4, 5)
3 No bright pupil takes debt collector to church (5)
4 Desert work of Eliot (5, 4)
5 Right mixed-up male province (5)
6 Selected candidates for being snappy by inclination (5, 4)
7 Fancies one would have English capital since (5)
8 Most serious having wine at start of tea (7)
9 Doctor is right next to fool in a swamp (6)
15 Clothing on toff lasts a long time (5, 4)
17 Rush to get fit is a bloomer (9)
18 Animal for member to notice on sick round (9)
19 Beatin's up by simpleton (7)
21 Ridicule the deer I'd upset (6)
23 Prominent feature about one racket (5)
24 Self-starter trouble in country (5)
26 Men with cowboy leg-wear (5)

Solution to Puzzle No. 4,163



THE ARTS

Covent Garden

La traviata

by MAX LOPPERT

The current Royal Opera revival of *La traviata* introduces Kiri te Kanawa's Violetta to London. It would be nice to be able to hymn her virtues, and leave it there. For Miss te Kanawa's singing is so beautiful, so rich, lustrous, and full-toned in almost every phrase, that one feels a positive dismay at finding her account of the role so unmoving. We shall have to reach quite far back in Royal Opera annals to discover a first-act solo voiced with greater confidence, plumb in the centre of the notes, steady in *pianissimo* and radiant in full voice. Yet it was sung without changes of tone colour, without shadows of desperation or hectic resolve—a Martian in the house encountering the opera for the first time who had not acquired a programme, and who understood only the word "gioir," might well conclude that this was a lively, healthy, rather "sassy" young lady in search of a good time, and that she would, in all probability, find it during the subsequent acts.

Every notice of an opera first night ought to carry, like a pack of cigarettes, a framed warning: "This is a review of the first night. Things are bound to improve at later performances." About Tuesday's first night there was so general an air of under-rehearsal that the absence of any implicit physical bond between the lovers, or between father and son, was unsurprising, if still distressing. Miss te Kanawa' playing has been carefully worked out; it is never insensitive, and at one or two moments it reveals a true emotional insight — the tears that broke into the line during the letter-writing were accurately graded. One must have faith in the possibility that later on, when the principals have begun to react to each other's nuances instead of merely trotting out their own, this will become an involving as well as a beautiful heroine. Meanwhile, connoisseurs of fine singing will find plenty to please.

Stuart Burrows, giving also his first London Alfredo, pleases in direct proportion to one's willingness to take the youth and the impulsive, romantic disposition of the character on trust. He does not look remotely like Renato Bruson, who returns to the house as the senior Germont. (Does the Royal Opera casting director ever consider such things?) But Mr. Burrows is a sincere and likeable performer, and after a tight-voiced first act his portrayal made a fair bid to be accepted on its own terms. No such act of faith is required for Bruson's father, painfully pent in movement, heartrendingly eloquent in his use of a voice not large but full of colour and character. The trouble is that what he brings to the role heightens one's awareness of what others are having to do without.

There are some excellent touches in John Pritchard's conducting—gracious, natural-sounding rubato, a care for the singing line that persisted to some anxious passages of dissolving ensemble (the ochestra and Giorgio Germont parted ways more than once), a special sympathy with his Violetta. Except in the first Prelude, the playing was of very moderate quality. So much accurate abuse has been hurled at the Visconti production over the years that there is little point in picking up the heavy objects all over again. But the second party was a mess—the dance episodes made no dramatic sense, and Flora and D'Obigny were a music-hall pair who only stopped short of bumping stomachs. A word, though, for the bright-eyed, very imaginative Annina of Claire Powell, a performer whose every response commands attention.

Richard Rodgers

Richard Rodgers, who died last Sunday aged 77, was unchallengeably the century's greatest composer of musicals. Between 1920 and 1970 he produced nearly 50 shows, besides copious music for films.

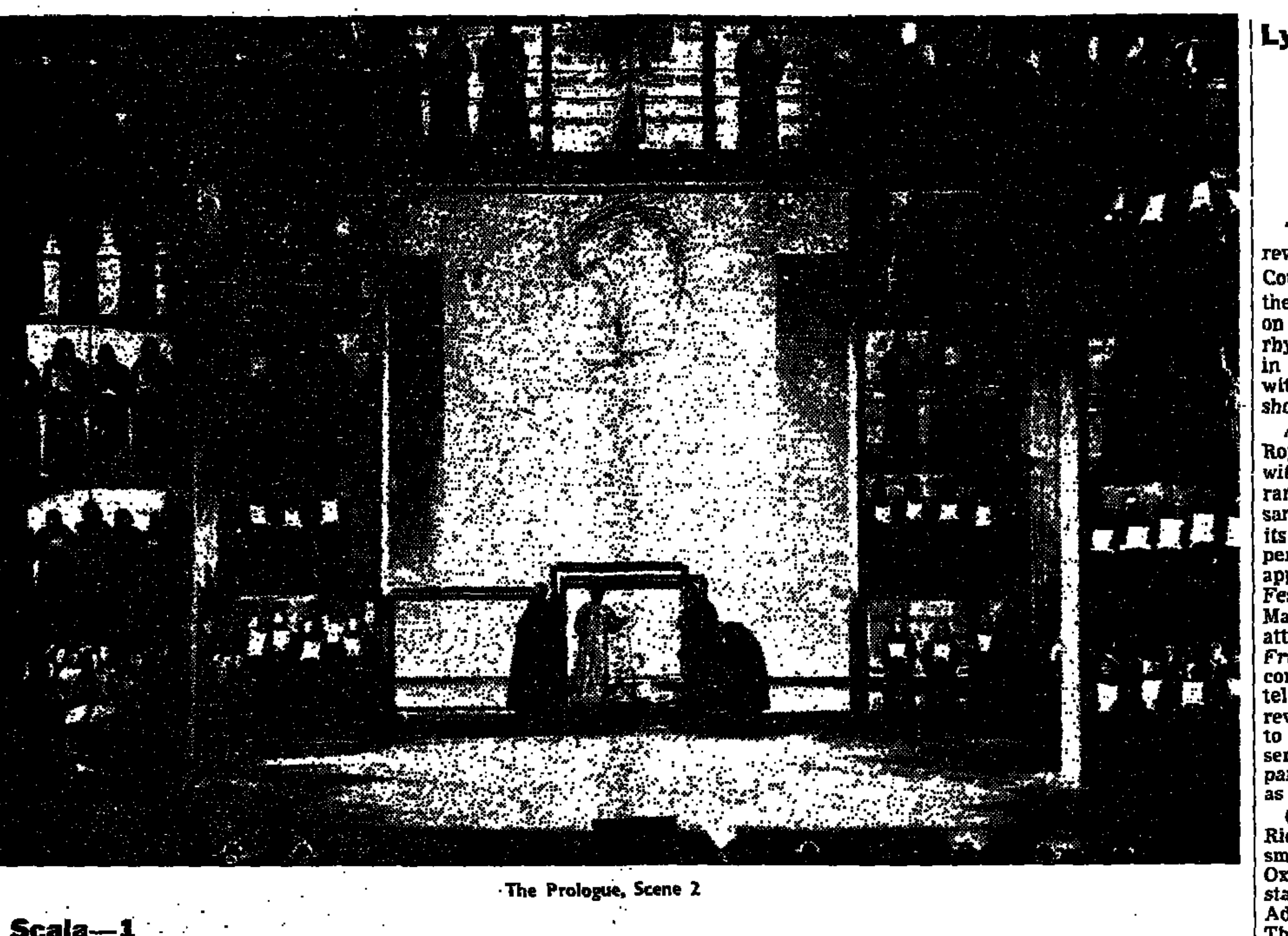
His career was sharply divided in the middle. Until 1943 he worked with lyricist Lorenz Hart, and his music reflected Hart's lively, sub-acid style ("She's gentle and mentally almost complete, she's knockout, she's regal, she's almost illegal, she's the Girl Friend"). Together they produced 30 shows, the first, *Poor Little Ritz Girl*, when Rodgers was only 18. They include *A Connecticut Yankee*, *The Boys from Syracuse*, *Pal Joey*, besides *Lido Lady*, *One Dam Thing After Another* and *Ever Green*, which were commissioned by London managements. (Rodgers does not seem to have been happy with the British all the same.) The list of songs from these shows that are still current is endless—"My heart stood still," "Dancing on the ceiling," "Blue room," "Mountain greenery," "I wish I were in love again," "Ten cents a dance," it goes on for ever.

Hart, who had social problems, dropped out in 1942 and died the next year, and Rodgers began to work with Oscar Hammerstein II, whose lyrics were less sophisticated, more sentimental (he had already written, among other things, *The Desert Song* and *Rose-Marie*). Rodgers's music took on the same character; but what it lost in sophistication it gained in melodic charm, and the songs from *Oklahoma!*, *South Pacific*, *The King and I* and *The Sound of Music* have as much claim to immortality as music ever has.

Hammerstein died in 1960 and Rodgers never settled down with another partner, though he tried several, including himself (*No Strings*) and Stephen Sondheim (*Do I Hear a Waltz?*).

Rodgers also produced or co-produced musicals in New York, including *Annie Get Your Gun* and all his own shows from *South Pacific* on.

B. A. YOUNG



The Prologue, Scene 2

La Scala—1

Boris Godunov

by MAX LOPPERT

This season La Scala opened its doors not with Verdi, but with a new *Boris Godunov*. Claudio Abbado, in what appears to be his final season as musical director, conducted Mussorgsky's original — or rather the conflation of the composer's first and second versions made feasible by the Lamm/Lloyd-Jones edition. Yury Lyubimov (producer) and David Borovsky (designer) from the Moscow Taganka Theatre were responsible for the staging (thus continuing a collaboration with Abbado begun with the 1975 Milan premier of Nono's *Al carico gran sole d'amore*). Though Mussorgsky proper was introduced to the Scala in 1956, the Rimsky-Korsakov revision of the opera has held sway there in all other revivals; for this reason, but by no means only for this reason, the show has been a *succès d'estime*. At the fourth performance the stalls were less than full, but the house was attentive (though not necessarily silently attentive in the way a Northern visitor expects and prefers) and, at the end, cordial about a performance lasting (with two intervals) almost four-and-a-half hours, sung in the original, rather than the vernacular, tongue.

This *Boris* was an event of major importance. I found it an impressive failure — orchestrally magnificent; conducted by Abbado with a combination of seriousness, scruple, and passionate fire hardly equalled in my experience; vocally and chorally good rather than splendid; and dramatically misconceived. As the result of that last adverb and adjectival participle in conjunction was to cast an increasingly onerous weight on the progress of the opera, it is worth considering in a little detail the ways in which the Moscow team contrived to misrepresent the drama. Our picture shows the basic, unchanging set—tiers of choristers robed as monks, candle and script in each hand, the banked cells framing a huge central icon. Movable trolleys bear on and off items of scenery, sometimes decked with candelabra and censers, or curtained to provide alcoves for the intimate indoor exchanges, even (in the Polish act) twined with garden greenery.

We soon come to realise that the intention is to enclose the entire spectacle within the confines of Russian Orthodox Christianity. The opera itself is, it seems, being "given" by monks. Pimen sits before his tablet in a side cell, on stage for most of the evening; monks doff their habits to become Grigory, Varlaam, Shuisky; characters emerge from and return to their cells. In practical terms, the advantage is that a long and scenically various opera — Abbado chose to include, almost in full, the later, longer version of Act 2, the Polish act, and both the St. Basil Cathedral and Kromy Forest scenes — moves fleetly. (But the intervals have been placed following the Prologue and the third act — a mis-shapen arrangement necessitating a long, long sit between the two intervals.)

"*Boris* oratoriale" was the verdict of *La Stampa's* Massimo Mila; and in its static, pseudo-ritualistic, generalising way the production afforded some undeniably majestic passages. "Static," "pseudo-ritualistic," "generalising" — *Boris Godunov!* Let us recall to memory, and for good measure to the attention of Messrs Lyubimov and Borovsky as well, Stasov's words: "(the operas *Boris* and *Khovanshchina*) constitute an entire world, embodied in music with extraordinary genius, power and originality. Both individuals and masses of people pass before us in a multitude of scenes encompassing the widest possible range of human feeling and experience." A production intent on reducing that range—reducing the mighty changes of location, the contrasts between monastery and palace, city square and imperial apartment, inn and nocturnal garden—to the dimensions of a single tableau saps the vital substance of the work.

And again, in practical terms, the advantage of speed was frequently outweighed by the disadvantage of rendering the players largely ineffective. Stri[illegible] lighting effects showered down upon the assembled masses: the intensity of individual acting was permitted to go for very little because faces, hands, and bodies remained [illegible]ly lit, and clad in drab, dull stuff. Apart from encouraging small outbursts of vulgarity or melodrama, Lyubimov gave the impression of having failed to connect with his cast. Whatever the didactic purpose of the imposed scheme (to demonstrate the crushing power of organised religion?), its logic tended to collapse at such points as when Marina, the Pretender, and a troop of soldiers finished their procession in what we had learned to think of as Pimen's cell. Detail continually niggled. More seriously, the whole conception imposed a heavy toll on the grandeur of the music.

Under Abbado's impassioned direction, the music managed to support a good deal more of the burden than it should have been required to. The conductor's appreciation of the imaginative immensity of the "real" *Boris* was apparent in the precisely differentiated tone, texture and attack of each movement. The Coronation was unfolded with a breadth that drew out every deep sonority. The domestic scenes were light and intimate. The Polish encounters sounded richly romantic, their lines lyrically shaped, the dance rhythms exhilaratingly crisp. The popular assemblies gathered urgency without being hard-driven. (But the Simpleton's laments seemed to need broader handling.) The orchestra made sounds that were not just dramatically meaningful but gloriously, exultantly stirring—in such a performance there was no opportunity to feel retrograde hunger for any of the Rimsky instrumental glamourisations. A pity that the chorus, disposed across the full arch of the stage, was seldom able to master a full weight of tone.

The title role was taken by Nicolai Ghiaurov. The voice, still noble, shows its age; never a performer to communicate through either decisive theatrical gesture or sharply etched verbal delivery, he seemed lost amidst the numinous sway and bustle—a strange account of *Boris*, indeed, in which the great monologues pass without exciting special interest! As Pimen, a fellow Bulgarian bass, Nicola Ghiuselev, was smooth of voice, able but unremarkable. Even a non-Russian speaker could tell that some of the Italian singers were more expert with the Russian language than others: Ruggero Raimondi's Varlaam was pungently sung and keenly uttered, Fedora Barbieri's Hostess lively without exaggeration.

In too many of the smaller parts blanks were drawn where one knows vividness to be possible (Philip Langridge and John Shirley-Quirk, Shuisky and Rangoni at the first performance and generally admired, were less effectively replaced at the fourth). The most colourful singing came in the Polish act, from Lucia Valentini Terrani, a sumptuous-toned Marina, and from the third Bulgarian of the cast, the young tenor Mikhail Svetlev, who threw out the Pretender's phrases in a full-tilt, ardent, unrestrained way—it may not have been very elegant but, in the circumstances, it proved unusually enjoyable.

Lyric Studio, Hammersmith

City Delights

by B. A. YOUNG

"There are far too many revues," Max Adrian sang at the Court, in the telly-free age when the stars of the stage put a gloss on the times with ingenious rhymes, or dealt with our crises in five-minute slices of drama with blackouts to cut them off short.

Airs on a Shoestring at the Royal Court in 1953 opened with that reflection, but still it ran for nearly two years. In the same period, *Sweet and Low* and its two sequels clocked up 1,925 performances. Now, alas, revues appear only at the Edinburgh Festival and at Cambridge in May Week. Why? Some have attributed it to *Beyond the Fringe*, so good that no one dare compete. Some to Ned Sherrin's television Saturday nights, revues in your own home. Some to the development of the serious, starless theatre companies, for revue calls for stars as well as good material.

City Delights, directed by Richard Denning at Hammersmith after an initial outing at Oxford, has two potential revue stars in the company—Jonathan Adams and Madeleine Newbury. They have that ability to leap straight into a character without sacrificing their own personalities that is vital in sketches where character must be established in a minimum of time. Mr. Adams as a Harley Street specialist deep in the black market, Miss Newbury as a television cook, are very funny—as funny, that is, as their lines allow.

Steve Alder and Melane Wallis are two likeable juveniles, who can do a sentimental or a comedy number nicely enough. Miss Wallis on her own has what seemed to me the evening's best song, "I was born too late for dreams," which she sings straightforwardly into a hand-held mike and (with the aid of some projected slides) moved me profoundly. Mr. Alder's best hit comes as an Australian minicab director, misdirecting his drivers over the office microphone.

But the standard of material is pretty modest. *City Delights* is a clear example of why revue has died: too few fresh ideas. I suspect some of the numbers are veterans anyway (how else could Kerry Lee Crabbe suggest in his piece about a critic that Herbert Kretzmer and Bernard Levin were still covering the drama?) Certainly some of the ideas are. They may serve for the generous audiences at midnight Edinburgh; they are hardly up to seven-thirty Hammersmith.

Elizabeth Hall

Jessye Norman

Miss Norman's New Year's Day recital found her at the height of her powers. The lustre of her grand soprano was flawlessly even over its considerable range, as broad and powerful at the top as it was creamy and sustained in the mezzo register. More important, not a phrase was scamped anywhere in the programme—not even a word: the measured intensity of the whole performance was riveting, and splendidly complemented by Miss Norman's platform manner, which somehow combines imposing solemnity with good-humoured ease.

It was a pure Lieder programme: Beethoven's six Gellert Songs, the "Seven Early Songs" of Alban Berg and a substantial Brahms group. Miss Norman and Geoffrey Parsons were joined by the violist Ulrich von Wrochem for the two Brahms songs of Op. 91,—lovely, unforced performances (with burnished tone from von Wrochem) which may be heard to better advantage in the eventual broadcast, for in the hall the balance was odd: the soprano seemed to be accompanying the viola from a distance, while the piano barely made itself felt. Mr. Parsons was reticent elsewhere in Brahms, too: with a cocked ear his unfailing sensibility could be recognised, but on a scale too small to give full support to the sizeable voice, especially at Miss Norman's extremely deliberate tempi. She made more of the words, arguably, than Brahms did, but that can hardly be a complaint against such plainly devoted explorations of the songs.

Miss Norman was as full voiced and committed with Berg's songs as her accompanist was shrinkingly delicate; his discretion amounted almost to innocent sabotage, with crucial harmonic underpinnings—these are not atonal songs, but ripely chromatic ones—left virtually inaudible. One longs to hear the soprano with an orchestra in this music, which Berg's unduly modest label has not helped to sell: "early" it may be, but it is more beautifully and strongly made than many Strauss songs of the period. If the range is exquisitely decadent it is still wide, and Miss Norman entered into the various moods with wonderful sympathy.

I have left the Gellert Lieder to the end, though Miss Norman began with them. They are difficult songs, uncomfortably sober and strangely proportioned. The grave fervour of her declamation was perfect, guided by an iron grip on the severe musical substance (and assisted to the hilt by Parsons in his best vein). It was the first time that I have heard this set made to fulfil its abstract promise: Miss Norman has fixed a noble standard.

DAVID MURRAY

New theatre directors

The new year sees changes in two of the country's leading regional theatres. Richard Cottrell is resigning as artistic director of the Bristol Old Vic at the end of the spring season to concentrate solely on directing and Stephen Hollis is quitting the Watford Palace after eight years to become a freelance director.

His successor at Watford will be Michael Attenborough who has just completed a one year contract as associate director with the Young Vic.

Old Vic

Toad of Toad Hall

by CHRIS DUNKLEY

This Christmas *Toad of Toad Hall* is being presented for the first time in the very suitably dark green interior of The Old Vic. This management is billing the play as being in its "Golden Jubilee Season." It seems that they mean by this not that A. A. Milne's adaptation from *The Wind in the Willows* has been presented at Christmas fifty times before (this is its 32nd production), but that it was first produced at Liverpool in 1929. Still, whether it is really entitled to a jubilee or not, *Toad* has undeniably established itself as one of the very few classics of children's theatre.

It has so many of the essential ingredients of successful children's fiction: anthropomorphism in the form of the appallingly conceited Toad himself, and his indulgently kind friends, Mole, Water Rat, and Badger; very clear distinctions between the powers of light and darkness, between the residents of the river bank and the stoats and weasels of the wild wood; a jolly good fight at the end, and much more besides. Yet also undeniably, it is with its three acts, ten scenes, plus prologue and epilogue, and its two intervals, rather long, even for older children, never mind the howling babes-in-arms, which gormless parents take into theatres nowadays.

The main strengths and weaknesses of this year's production all result from the frequency with which the leading actors have played their parts before. Richard Goolden, now 84, is as marvellously alert and spry as ever, in the role of Mole, which he has played 19 times in David Conville's production alone. Goolden and the children in the audience have a rapport which is unbelievable until you see and feel it.

Ian Talbot, playing the leaping, tongue-flapping Toad for the seventh time in the West End, Terry Wale in his fourth season as Rat, and David King, who first played Badger in 1952, all know precisely where they will get their best responses, too. That very fact, however, can bring a somewhat dull and mechanical feel to some parts of the play.

Elizabeth Hall

Camerata Lysy

by DAVID MURRAY

Alberto Lysy's Camerata orchestra of Gstaad is "the performing wing of the International Menuhin Music Academy," which seems to mean that teachers and students alike play in it. Yehudi Menuhin himself appeared with them on Thursday and Friday last week; I heard their second concert, in which he led the early B-flat Sextet of Brahms. It was a warm, even impulsive performance of a work that is honestly both long-winded and short-breathed. Patches of local colour are very welcome in it, and the tang and bite of Wolfgang Mehlhorn's cello made impressive contributions.

The whole Camerata—more than a score of strings—had begun with a little Haydn Divertimento in G, which remained a lively affair even with the unwontedly large band. Uniformity of sound is not, I think, something to which Lysy asssigns a high priority, but the collective vigour of the Camerata's attack is a consistent pleasure, combining the eagerness of youthful players with the asssurance of more seasoned ones. In principle the members take turns at different desks, though there was only a little trading about in this programme: I should have liked to hear more of the young Japanese violist Yu Yasuraoka, who produces a strikingly beautiful tone.

Before Bartok's familiar Romanian Folk Dances, we had Chaikovsky's *Souvenir de Florence*, a string sextet that revels in chamber-orchestral textures. The performance had its hectic moments, but it was always infused with proper passion, strongly led by Lysy himself. There was a convincing sweep, and real excitement in the Finale. There has been little enough serious music in this holiday period, and the visit of the Camerata was a gift to be appreciated.

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The missing yardsticks

WITH BATTLE already joined in the steel industry, potentially threatening in the railways, and with a clear questionmark over the shipyards, the Government is clearly prepared to run substantial risks to establish a principle: that pay in publicly owned industry must be earned in the market, as in any other industry. After decades of muddled aims, misleading accounts, interference in pricing and investment decisions, it has clearly become necessary to cut the knot, however unpleasant the initial shock. Only in this way can efficiency be re-established as a basic criterion, and negotiations be based on reality.

Inevitable

In the short run, then, conflict appears inevitable; but in the longer run, it is to be hoped that those employed in these industries will want to join in the more constructive business of negotiating a sensible basis for the future instead of fighting to perpetuate the past. Once serious discussion is joined, it will be found that some of the basic issues are by no means as black-and-white as the present situation may suggest, and that many of the terms for a sensible negotiation remain ill defined. The Government, even while it fights for sensible principles, should be preparing for the necessary clarification for the future. After all, compensating for existing inefficiencies by depressing real wages is no more workable as a long-term strategy than the past approach of effectively open-ended subsidy.

The present confusion is clearly visible in the financial targets which have been laid down for the nationalised industries. These not only differ in rigour according to the situation of the different industries concerned, as is politic. They seem to have no consistent basis in measuring performance, and in several cases no clear meaning at all. Thus two profitable enterprises, airways and telecommunications, have their targets set in terms of return on capital at full current values, before paying interest, which is at least clear and coherent, but are set different target rates of return. The still more profitable gas industry is required to achieve a margin on turnover, not investment, after paying interest, which appears to be simply a way of concealing its true profitability.

The railways, the bus company and the coal industry are all required to earn enough to pay interest and depreciation; but the current rate of interest has no clear relation to the sensible return to be earned on assets which have a long life, since high interest rates are effectively a return of capital to the lender. If realistic depreciation were charged on top of this, the target might be over-ambitious; but in fact the basis for depreciation is not stated. The muddle continues through the other industries. It is not even clear that the cash limits which actively constrain the employers in the current wage round are consistent with the declared financial targets for each industry.

Clarification

These issues must be clarified so far as possible, preferably within the coming year, if rational discussion is to succeed the present battle of wills. But financial clarification cannot be the end of the story. One difficult problem is how far industries suffering a cyclical depression should be helped. In fact the present Government target for the steel industry is lenient in the extreme, involving little more than covering the cost of wages and other current inputs, with little hope of servicing financial capital or funding the replacement of real capital. To describe this as "breaking even" conceals what is in fact a concession. It might well be more persuasive to spell out the losses, in current costs terms, which are really being permitted.

Other issues which need to be clarified are the size and purpose of permanent "social" subsidies to some industries, which are to some extent explicitly covered by grants (but not, for example, in the case of commuter services); and the extent of largely concealed cross-subsidies—from BL to British Steel, from steel and electricity to the coal mines, and soon. All this adds up to a mountainous task after the confusion of the past, but it will have to be tackled to avoid continued acrimony and confusion in the future.

A warning from Turkey

TURKEY'S armed forces do not bluff. Their warning to the country's politicians is clear—that if the politicians do not come to grips with the terrorism which is costing around 200 lives each month the army will feel compelled to take even more power than it already exercises.

For the West the warning is a worrying reminder of the gravity of the situation in its most loyal ally between the Bosphorus and the Bay of Bengal. The foreign exchange famine continues. The snows have just engulfed a capital short of electricity, fuel oil and the lignite used for heating. While the people face a bitter huddled winter, the West also has its problems. Its strategists need an agreement to allow the continued operation of the important U.S. monitoring stations in Turkey. The bankers need to see a long overdue understanding being reached with the International Monetary Fund to allow the second draw down on the $325m standby arrangement signed this summer. Unless this understanding is obtained other financial aid will be held up.

For Mr. Suleyman Demirel, the Prime Minister, the warning is a disturbing reminder of the fragility of his minority government. After only five weeks it appears to be running into troubles with the military, but it has to be said that these troubles are largely of Mr. Demirel's own creation.

Involvement

Nine years ago his cavalier approach to terrorism contributed to a military ultimatum which forced him out of office. In 1975 he came back to office, presiding over two coalitions which included the militant right-wing Nationalist Action Party. Since then the evidence of NAP supporters' involvement in killings and terrorism has steadily mounted—particularly during the past two years when Mr. Bulent Ecevit was in power. Yet when Mr. Demirel took office in November he again turned to the NAP for backing and put a number of its followers in Government posts.

Two weeks ago he told a meeting of university rectors that while left-wing militants sought to undermine the State, right-wing militants seek to reinforce it. The military present at the meeting did not agree. Indeed, on that same day the martial law authorities in Istanbul found pistols and explosives in the offices of the youth organisation supporting the NAP. Also found was a list of prominent people, apparently to be killed.

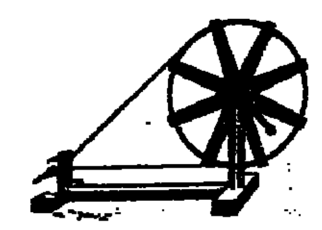
The armed forces' warning attacks both right and left—and by implication demands that the government does the same. That no such warning was issued during the 22 months Mr. Ecevit was in office is in itself a comment.

Cooperate

In November Mr. Ecevit held out something of an olive branch to Mr. Demirel, offering to cooperate with him against terrorism so that Mr. Demirel would not have to rely on the NAP. It was rebuffed with Mr. Demirel seeming to prove that despite all that has happened he has both forgotten nothing and learnt nothing. The parties are as far apart as ever on terrorism, while Mr. Demirel has been scything low, shifting or dismissing large numbers of civil servants, police officers and teachers in a way which only aggravates the mounting polarisation of the state machinery.

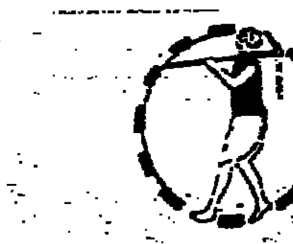
The assassin's bullet is a very real threat to many Turks, and the West and Turkey's neighbours have an obligation to do what they can to stop the continuing arms smuggling to the country. But the West also has to face up to a far more difficult and wide ranging problem. Among the main factors contributing to the mounting terrorism are the unemployment and dislocation fuelled by the country's economic crisis. On this at least Mr. Demirel seemed to be determined to act decisively but his margin is limited. Like but worse than most developing countries Turkey has been hit by the rise in oil prices.

In 1978 and 1979 it had to adopt the IMF's prescriptions but each time it seemed near to getting on top of the situation a fresh oil price rise left it running faster merely to stay where it was—with all its export earnings earmarked for its fuel bill. It is now an object lesson of the problems which other developing countries may face, namely a depressed economy, political uncertainty and with debt which has been rescheduled once and may need to be rescheduled again. If Turkey's politicians have their warning to consider, so the country as a whole is a warning to others.



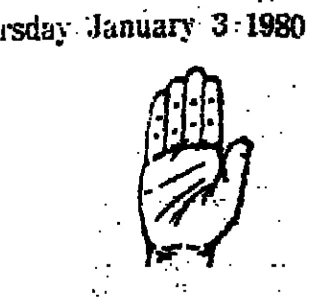
● Congress (I) Party—symbolised by a spinning wheel. Opposed to Mrs. Gandhi, this faction claims to represent the Congress that ruled for 30 years from independence to 1977. It is led by Mr. Devraj Urs, Chief Minister of Karnataka.

● Lok Dal—symbol is a farmer ploughing. Party of caretaker Prime Minister, Charan Singh, it was formed when Janata split up. It advocates the primacy of agriculture and small industry in India's development.



● Janata Party—symbol is a cultivator within a wheel. The rump of the loose coalition which swept Mrs. Gandhi from power in 1977. It is led by Mr. Jagjivan Ram, the leader of India's Harijans (untouchables).

● Communist Party (Marxist)—hammer and sickle. Now free of its former Peking allegiance, it has its strength in eastern India. It has formed alliance with other leftist parties nationally. Its leader is Mr. E. M. S. Namboodiripad.



● Congress (I) Party—symbolised by a hand. The "I" stands for Indira and Mrs. Gandhi is its leader. It split from the parent party in 1978 but Mrs. Gandhi claims to represent the true Congress tradition of her father and Mahatma Gandhi.

Mrs. Gandhi: the woman to beat

BY DAVID HOUSEGO IN NEW DELHI

THE INDIAN electorate has been asked to resolve the deadlock which arose after the breakup of the Janata Government which came to power in 1977 having swept away Mrs. Indira Gandhi and her period of emergency rule.

The response has been half hearted. The campaign has certainly revealed an electorate weary of its politicians and, in this year of drought and hardship across much of the north, indifferent to a premature poll. It will also probably reveal that amid the uncertainty and disenchantment, enough of the voters are prepared to reaffirm their trust in Mrs. Gandhi to give her the commanding parliamentary majority which she wants.

There has been no repetition of the "pro-Indira" wave which swept her back to the premiership in 1971 and which then going into reverse swept her out six years later in resentment against the abuse of power during the emergency. The enthusiasm that she aroused in 1978 when she first attempted a political comeback in the south has lost some of its momentum and it has not caught hold in the north.

Inflation fears

A great many Indians remain bewildered and apprehensively fearful of the pace of inflation which has leaped to an annual rate of 20 per cent in a few months; of the sharp renewal of caste conflicts springing from the emergence of a prosperous farming lobby in the north; of the loss of confidence in politicians and government; of the rising trend of violence and, not least, of the potential return of Mrs. Gandhi herself. A victory for her would give an implicit endorsement to the emergency. Many of those voting for her do not want to extend that endorsement to the ambitions of her son, Sanjay, or to the bullying by police or officials that inevitably flowed from the unrestricted use of government power during the emergency.

But more than any other Indian politician Mrs. Gandhi has been able to take advantage of this despairing mood, turning the Emergency to her advantage before a group of villagers angry that a promised road has not materialised, lulling the fears of a wayside crowd about the rising cost of oil, reassuring Harijans (untouchables) of her protection or promising Moslems more jobs in government service. In travelling to virtually every corner of India she has been attempting to reforge that intimate personal link between herself and the people on which other populist leaders like Mr. Bhutto in Pakistan or President Sukarno in Indonesia founded their power.

She has fought back since her electoral defeat in 1977 with unbelievable stamina. She was helped by the legal charges that the Janata Government tried unwisely to pin on her—unwise because many were trivial and politically motivated and because Mrs. Gandhi is never more aggressive than in defence. In defending herself she has also fought to keep her son out of prison. He is appealing against a three-year sentence for theft in the Kissa Kursi Ka film case. As part of the process of clearing his name, both he and other close associates of Mrs. Gandhi during the Emergency over whom criminal charges hang have been given Congress seats to fight in the election.

Comeback chance

Mrs. Gandhi's chances of a comeback emerged through the splits within the Janata Government and then from its collapse leaving a caretaker administration in the hands of Mr. Charan Singh—probably India's worst Prime Minister since independence. She has built on these failings in her speeches. Her campaign has been immensely strengthened by the heavy flow of funds which have clearly been available to her Congress Party. Her weakness has been the deep resentment within Congress against the influence over the party apparatus now enjoyed by Sanjay who has put forward some 40 per cent of the Party's candidates. To long serving members it is no longer a party they work for with enthusiasm.

Though the Janata Party has picked up momentum during the campaign, it has never had the look of a winning team. Its strength is that its leader Mr. Jagjivan Ram is the best alternative Prime Minister of a democratic government—a politician who has handled with skill virtually every ministerial portfolio during his 30 years in office as well as being the acclaimed leader of the Harijan community.

But at 71 he had hoped to become Prime Minister through manoeuvrings between the parties. The campaign has been physically wearing on him. Suffering from arthritis and mild diabetes, he shuffles forward slowly with the help of a stick. Hand held high, he towers over his meetings.

Many in his party would have preferred a younger leader; his image has been damaged by indications before the campaign that he might have switched over to Mrs. Gandhi if he could have ensured for himself the premiership—and might still do so though neither trusts the other beyond their thumb nail. He has felt uneasy about being allied to the Hindu chauvinist Jan Sangh Party whose organisation and strength in the North mean it can expect to contribute about half the seats the Janata wins in the new Parliament. To the annoyance of some of his followers he has been reticent in exploiting Sanjay's unpopularity in the North—partly perhaps because he has not ruled out the possibility of an alliance with Mrs. Gandhi and partly because he himself has a son with a blemished record.

Mr. Charan Singh, initially the third contender for the premiership has slowly slipped from the race—a victim of his Government's mismanagement and of his failure to broaden his base beyond the faction of the farming community that he represents. He even risks losing in his own constituency.

Accepted Indian practice is that the leader of the single largest party has the first crack at attempting to form a government. Mrs. Gandhi is likely to be in that position. She hopes to do so by gathering in defectors from other smaller parties and through the support of regional groups such as the Tamils. How close she comes to an overall majority in a Parliament of 542 seats will depend mostly on her success in winning the votes of the Moslem and Harijan communities of North India accounting for 20-30 per cent of the population in the key states of Bihar and Uttar Pradesh which between them command 139 seats.

Trevor Humphries

Mrs. Gandhi at rest in her New Delhi home.

Balancing factor

It has become a major feature of this election that because of the divisions of parties and caste the 80m Moslems in India have become a balancing factor—thus enhancing their communal self-consciousness and provoking Hindu resentment to it.

The further Mrs. Gandhi finds herself from a majority the greater will be the temptation to strike a deal with Mr. Jagjivan Ram, which presented in the interests of National reconciliation, would remove the charges from Mrs. Gandhi and leave Mr. Ram as an interim premier.

Apprehension of Mrs. Gandhi's possible return to power is widespread. In many ways the recent instability has its parallel in the years 1967-69 or 1973-74—also periods of economic recession, high prices and a fragmentation of political authority that reflected sharp social tensions.

The main difference is that in recent years the Indian economy has developed a new underlying strength. Agricultural output has grown, the relaxation of controls in the public and private sector has released more dynamism in industry and the growth in the number of job creation programmes has provided some safety net for the very poor.

Effective government is needed to tackle the problems of high inflation and labour unrest and of the bottlenecks in the infrastructure sectors of power, coal and transport that are at the moment throttling growth. Effective government was what Mrs. Gandhi failed to provide in her 11 years of power until, overwhelmed by problems, she proclaimed the emergency in 1975.

The authoritarian rule of the Emergency provided the illusion of stability—but it was little more, as was demonstrated by the thoroughness with which it was swept away. Mrs. Gandhi is still a firm believer in iron discipline. But even the business community which had been among her staunchest supporters now believes that the iron hand is both too facile a solution and one that could further distort an economy increasingly envigorated by competition.

The dearth of talent around Mrs. Gandhi is equally worrying. Her father Jawaharlal Nehru worked with or was held in check by the powerful Congress politicians who brought the country to independence. The Janata Government for all its faults included a broad range of people—Mr. Jagjivan Ram, Mr. Atal Bihari Vajpayee, the Foreign Secretary, Mr. George Fernandes, the Minister for Industry—who reflected the complexity and diversity of a nation of 600m people.

Mrs. Gandhi has no liking for men of independence or strong character—her suspicions of conspiracies against her seem to have grown since she was voted out of power and then threatened with judicial charges. Distrusted by her or distrustful of her, the old Congress leadership has either left her or been purged. The only politician of any stature left in the party is Mr. H. N. Bahuguna a former Minister of Petroleum who has a following in Uttar Pradesh. Otherwise Congress Party tickets have been awarded on the basis of subservience and loyalty—a criterion that has brought back the men who misled her in the Emergency and helped bring her name into disrepute. Along with them have come fresh followers—some with criminal charges pending against them.

The third source of apprehension is that though Mrs. Gandhi is nationally the best known politician, in the present circumstances she is less likely to be a unifying factor than a fresh cause of dissension.

The immediate fears are in the civil service, the public sector industries, the Press and judiciary where there is little doubt that Mrs. Gandhi is anxious to settle scores of the last 2½ years. Beyond that the period of Janata has seen the emergence of new bases of power in the country—the Marxists in Bengal, a stronger trade union movement, the deeper penetration of the Jan Sangh across north India, caste lobbies reflecting the increased prosperity of the farmer class, and new regional groupings. Mrs. Gandhi's vision of a united India does not encompass such divergence. Equally the Marxists, the unions and the Jan Sangh are preparing to do battle with her. Violence is more likely to grow than decrease as Mrs. Gandhi has promised.

Coalition hope

Because of these fears many hope that Mrs. Gandhi's majority will be slim enough for her to be forced into a coalition that will bind her hands. But on whatever terms she comes back her name is so linked with authoritarian rule that this fear alone is likely to usher in at least a temporary truce.

Her immediate concern will be the dropping of the charges against her, against Sanjay and against her other close followers.

Beyond that she has at the moment only one state government in which her faction of Congress has the upper hand. Victory in the national elections would result in changes of allegiance in a number of State Assemblies to bring more State Governments to her side. Besides, some fresh state elections are likely to follow soon the national poll.

Mrs. Gandhi's opponents have spent much energy determining how they will resist her after the election. It is just possible that the fear of Mrs. Gandhi will produce a majority coalition in Parliament to defeat her. But it is not a coalition that is likely to provide a stable government. Whichever way the dice fall, India expects tense months ahead aggravated by the problems of a country slipping into a sharp though possibly short lived recession. The encouraging feature is that Indian democracy has stood the test of 30 years. It will not easily expire.

MEN AND MATTERS

Close to the bitter end

But for the floods, the cold, the steel strike and the invasion of Afghanistan, one of the more remarkable judgments which the European Court put into the EEC Commission's Christmas stocking would not have escaped attention. It is yet another instalment in the bitter saga of isoglucose, the liquid sweetener produced from starch more cheaply than the conventional sugar from sugar beet.

Production was started in Holland by Royal Scholten Honig and in the UK by Tunnel Refineries. Fearing competition to sugar beet, the EEC council imposed a levy on isoglucose in 1977 to make production uneconomic. This intention is evident from the Commission's inter-office papers. The regulation 1110/77 was nothing but sham when it pretended (by means of non-operative provisions) that the levy had some other purpose.

In 1978 the isoglucose producers obtained from the European Court a declaration that the levy was imposed illegally because its calculation was "grossly unfair."

They then claimed compensation from the EEC for loss of production, additional costs of storage, and supplementary investments necessary to introduce substitute products. The claim was rejected by the European Court last month.

The Court held that illegality by itself is not sufficient to involve the Community in liability. Such liability can arise only if a Community institution has "manifestly and gravely" abused its power. The sophistry of the regulation and the flaunting of the EEC Treaty's aim of greater efficiency in agricultural policy, were not found to be manifest and grave abuses.

The decision will be a great disappointment to Professor Francis Jacobs, of King's College, London—not only because he was pleading the isoglucose producers' case before the Court, but also because he is one of the most ardent friends of the European Court has had in this country. At King's, where he teaches European law, he has organised seminars explaining the Court's work and stressing its importance. Not that the Court rejected his arguments—it did not even mention them in the 142-page judgment.

More is certain to be heard about the case. In its 1978 judgment declaring the levy illegal, the Court went out of its way to suggest that the Community should use other measures to assure "the proper functioning of the sweeteners market."

The Commission and the Council were not slow in doing just that; indeed they were in such a hurry that they omitted to consult the European Parliament before making their new regulation. This has made the deputies very cross. They are now contemplating the possibility of taking both the Commission and the Council to the European Court.

Slow fuse

Westminster veterans were raking over their memories yesterday, following the release of Cabinet minutes which lay bare the ministerial agonisings before Labour's 1949 devaluation of sterling. It is clear that senior politicians in those pre-television days were far less ready with instant comment upon matters of significance.

The Chancellor, Stafford Cripps, told the nation about the 30 per cent devaluation (which he wrongly called a revaluation) in a speech after the nine o'clock wireless news on Sunday, September 18. It was not until Wednesday, September 21 that the Shadow Cabinet met and put out a statement saying there was a "very grave situation" which demanded a "full explanation" in the Commons.

Lord Woolton, still regarded as the Tories' most successful chairman, and noted for a droll sense of humour, explained in later years: "The announcement came at an awkward time for us—Winston was in the South of France, Anthony (Eden) was in Canada, and I was at Haywards Heath." But Woolton's memory played him false, because although he may indeed have been in Haywards Heath, both Churchill and Eden had been called in to 11 Downing Street for an advance briefing before Cripps went on the air.

It appears that politics was a more leisurely pursuit 30 years ago.

"Money isn't the only thing they seem to be short of!"

Boots and all

THE DURABILITY and other qualities of John Robinson, 54, should be well suited to the diplomatic arena in Tel Aviv. Sir Freddie Kearns, who worked with him during negotiations to get Britain into the Common Market, remembers our newly appointed ambassador to Israel as "tough, professionally devoted to making a success of the thing."

"He'll get on well with the Israelis. He's a great believer in *real politik*," Sir Freddie told me.

A year or so after Britain joined the Community Robinson was made ambassador in Algiers, remaining there until 1977 when he was appointed Minister in the Washington embassy. He moves to Israel in mid-March.

From the beginning of the sixties to 1973 Robinson became deeply involved in European Community affairs, and in 1970 he was appointed special assistant to Sir Con O'Neill, top official in charge of British entry negotiations. Affecting boots instead of shoes—"great big bovver boots," former colleague said—he stalked the Brussels corridors, resolutely guiding the various UK negotiators along the same track.

"There was no way Con's strange team of mules could have been kept on the go without someone like John charging around and whipping them into line," Sir Freddie reflected. At that time he himself was the "mule" burdened with agricultural matters.

Towards the end of the entry negotiations, after a particularly wearying all-night session in Brussels, Robinson and he were smitten by hunger. At 5 am, over plates of spaghetti in an all-night café, the Foreign Office muleteer observed across the table: "You know, Freddie, this takes me back to my earliest days in the dip service, back to the time I got my first tapeworm."

Something fishy

Granada Publishing Company is proudly announcing its new edition of Harbottle's Dictionary of Battles. A full-page advertisement in The Bookseller says the book covers all the big battles of history "from Marathon to Dien Bien Phu to the Yom Kippur War . . ." Then what about the Cod War?

Observer

ECONOMIC VIEWPOINT

The ludicrous anti-indexation campaign

THE ORIGIN of the second phase of the Thatcher Government's spending curbs is largely political. The spending programmes for 1980-81, published in the November White Paper, were higher than the Treasury's original target. So long as the mood in the Parliamentary Conservative Party was dominated by fear of unpopular cuts, there was *little* that Treasury Ministers could do but lump it.

The 17 per cent Minimum Lending Rate on November 15 transformed the situation. The critical noise which the Cabinet began to hear most clearly was a clamour for more spending curbs.

They were, of course, pushing at an open door as far as the Prime Minister was concerned. The speeches of Treasury Ministers about the possible need to increase taxes in the Budget if the public sector unions misbehaved, may not *have frightened the unions, but* they certainly galvanised the Prime Minister. As Peter Riddell explained on December 21, there will be a series of bilateral haggles between Treasury and spending Ministers in time to put new figures for 1980-81 in the medium-term Public Expenditure White Paper, which will now probably appear in March and which—together with the cash limits White Paper—will constitute the real Budget in all but name.

All this has been already sensed, if rather vaguely. But what has not been generally recognised is the magnitude of the new exercise. The best guess of those most concerned with monetary policy is that the Public Sector Borrowing Requirement will be £11bn in 1980-1981 if no fresh spending cuts are made, compared with an estimate of £8.3bn for this financial year (and an actual outturn which may be higher).

The figure of £9bn is the provisional target for the level to which the 1980-81 PSBR should be brought down in the view of those sections of the Treasury where the monetary targets are taken seriously. The disposition there is to be very wary of assuming that the much-forecast recession will make it easier to finance more Government borowing before the recession has already occurred.

The undeclared target in the new round of spending curbs is thus a good deal higher than generally realised. It is to reduce by a further £2bn the expenditure estimates for 1980-1981, a sum which includes whatever savings can be made in the UK contribution to the EEC Budget, of which only £350m is in the bag.

There is nothing particularly shocking or excessively deflationary" about these targets. A peculiar mood has developed in both the US and the UK in which policymakers wait for a recession to come along and solve all problems. But it is in just such circumstances that the recession either fails to arrive *on time (it is already late in* both countries) or has a shape or size or economic effects different to those expected.

If by the time the tax side of the Budget is decided (and the later this is done the better) it looks as if the Chancellor can borrow more than £9bn at acceptable interest rates, it will be the easiest thing in the world, *for instance, to raise real tax* thresholds (which would be much more effective for work incentives than cutting the basic tax rate.) Even if the Budget were in some sense too "cautious," its main effect would not necessarily be on output and employment, as was supposed in the heyday of fine-tuning. The principal effects are more likely to be felt in a lower level of interest rates than would otherwise occur.

But if the Government's broad fiscal goals are unobjectionable, our political leaders have *utterly failed to explain why so* many onslaughts on public spending are required to achieve them. It has suited the Conservatives to claim that they are shifting resources from the public to the private sector and for Labour to attack them for doing just that. But this is a battle over something which has *not happened.*

The Labour Government's last Public Expenditure White Paper was a thoroughly misleading document because it assumed unwarrantably that the long-term trend for the cost of public goods and services to rise faster than private ones (the so-called Relative Price Effect) had come to an end. All that had happened was that this tendency had been temporarily suppressed by the differential squeeze on public sector wages during the Callaghan-Healey pay policies. Similar temporary effects had been observed during the Heath pay policy.

As a study by R. W. Price in the last NIESR Review (which ought to be compulsory reading for all speakers in economic debates) demonstrates, the Labour Government underestimated the cost of its plans by nearly £2½bn in 1979-80 and nearly £6bn in 1980-81. This is over and *above the effects of* underestimating the general inflation rate. Part of this shortfall is due to the recent pensions increase, which would have occurred whichever party had won the election, but most is due to the increasing cost of public services, relative to private ones.

SOCIAL SECURITY BENEFITS 1979-80

Benefits	Cost £m (estimated)
Unemployment benefit	739.0
Sickness benefit	700.0
Invalidity benefit	1,005.0
Maternity allowance	135.0
Death grant	16.0
Guardian's allowance and child's special allowance	2.0
Widow's benefit	560.0
Retirement pension	8,793.0
Old person's pension	36.0
Supplementary benefit	2,300.0
Non-contributory invalidity pensions	77.0
Attendance allowance	217.0
Invalid car allowance	4.0
Mobility allowance	84.0
Industrial injury benefit	55.0
Industrial disablement pensions	250.0
Industrial death benefit	36.0
Child benefit	2,800.0
Family income supplement	25.0
War pensions	378.0
Welfare food	31.0
Lump sum payment to pensioners, etc.	102.0
Total	18,345

Source: House of Lords, Hansard, P.196. October 24, 1979.

If you think that a Conservative Government dedicated to sound money would at least have presented its figures more realistically, you are obviously very new to British political economy. *The present Govern*ment's White Paper of last November was a giant step backwards, containing *only figures in volume terms, which* made no allowance for changing relative costs and was thus in the funniest of "funny money." As the NIESR study showed, all that the Conservative cuts to date have done is to offset *Labour's overoptimism on costs* —or in the jargon which is used —have "substituted volume cuts for cost increases." Public spending in cost terms is still planned to rise by 2 per cent *per annum*, even after allowing for inflation, between 1978-79 and 1980-81 and is likely to be 1½ per cent higher as a percentage of GDP in the latter year. Thus one does not have to subscribe to the November White Paper view that "public expenditure is at the heart of our economic problems" (a sentence not incidentally written by any Minister) to see the need for further curbs.

Quite the most wrong headed *way to curb spending would be* to follow the inspired hints against indexation which were sprouting all over the place *before* Christmas.

Mrs. Thatcher is known to be very sensitive to anything, such as increases in nationalised industry prices, which have an impact on the Retail Prices Index. This sensitivity is supposed to arise because public sector wages are indexed — which they are not at all. In some recent years they have risen far more than the prices index, and in a few a good deal less.

If public sector wages are rising too fast (perhaps even faster than the NIESR estimates just cited allow for), it is because the present Government, like the Callaghan one, has been prepared to buy off trouble and keep the Clegg Commission going, with its in*finite possibilities for boosting* public spending and pricing people out of jobs. It is indeed difficult to see the common sense or justice of expecting the steel workers to contemplate a cut in real wages, *because their industry is mak*ing a loss, when public service staff and the Civil Servants, who have never faced a profitability test in their lives, are having their pay upgraded.

The attack on indexation *represents the search for a* scapegoat by appeasing ministers and officials who do not have the courage to abandon Clegg and Civil Service pay research. The area where action is most likely is social security benefits. Long-term benefits, which are mostly pensions, have up to now risen either with the general wage level or the price index, whichever has gone up most. It is *hardly surprising* that, with *this overblown formula*, expenditure has soared. The Social Services Secretary, Mr. Patrick Jenkin, is bringing in legislation to amend the formula so that pensions are tied to prices only.

The main place where de-indexation is being considered is unemployment and perhaps other short-term benefits at present linked to the Retail Prices Index. There are certainly powerful deterrents to work *at the lower end of the* tax and social security system. The "poverty trap" which can make people worse off as a result of taking a job has several roots—low tax thresholds and the non-taxation of benefits, being at least as important as the benefit level itself. There is, of course, noth*ing sacrosanct about a particu*lar level of benefit, especially short-term benefit—for which the humanitarian case is probably less than for the long-term variety.

But it would be crazy to drop the link with the cost of living index as a backdoor method of reducing the real value of short-term benefits. For we would then be in the absurd position where the higher the rate of inflation, the more these benefits were cut. Thus the Government would have a vested interest in a high inflation rate as a method of cutting public spending. This is over and above the interest it already has in maintaining inflation as a *result of refusing to* borrow on indexed stocks and committing itself to pay nearly 15 per cent interest rates into the *21st* century — no real burden at the moment, but impossibly onerous if we ever had low or zero inflation.

If Mrs. Thatcher is really serious about tackling the question "why work?" she would hardly have countenanced the *failure to index child benefits.* As Mr. Frank Field has frequently pointed out in the Letters column of this paper, child benefits are deducted from the dole; thus the higher level of the benefits, the greater the gain from taking a job. It may be difficult to afford a real increase in child benefits at the moment; but to cut them by dishonest method of non-indexa*tion blatantly contradicts all the* pious ministerial talk of improving the supply side of the economy.

So far from indexation being "giving in to inflation" it is the failure to index which constitutes such a giving in, as these examples show. Indexation, properly understood, is simply a *search for a stable measuring* rod for contracts and official undertakings. It need not involve guaranteeing anyone anything, but is basically an attempt at honesty in public life. It means that if the Government has to raise taxes, it does so openly and not by allowing inflation to erode tax thresholds. It means that if a particular labour market deteriorates so that a real wage cut of 5 per cent is necessary *this is openly admitted instead* of giving a 15 per cent nominal increase and hoping that prices will rise over 20 per cent. There may be more suitable indices than the retail price one for particular purposes. But while inflation persists, indexation is honesty, while anti-indexation is dishonesty.

In short, my New Year Resolution for the Cabinet *would be to drop its* anti-indexation campaign and start another one for honest and open government as the only hope for getting our public finances right —and for more important things as well.

Samuel Brittan

Letters to the Editor

EEC regional fund quotas

From Mr. J. Taylor, MEP

Sir,—The Government must be congratulated for its veto at last month's EEC Council Ministers' meeting of the Commission proposals for distribution of the new non-quota section of the regional fund.

In the existing quota scheme the United Kingdom is allocated 27 per cent of the available funds and it had been hoped that the non-quota scheme would have been used to increase the allocations to the poorer member nations of the Community. Instead, the distribution of the non-quota scheme *actually gives the United King*dom less than 27 per cent and increases payments to richer nations such as France.

Another aspect of the non-quota scheme which requires the urgent attention of the *Government before the scheme* is presented once again to the Council of Ministers for approval is that section for the development of tourism and rural craft industries in the border region between the United Kingdom and the Republic of Ireland. In the Republic all five counties along the border are to be aided by £10m whereas in the United Kingdom there will be a different basis of aid distribution. Instead of all four counties along the border being aided it will only be specially selected district areas within these four counties which will qualify. Likewise the amount allocated to the UK border counties is to be only half of that allocated to the Republic of Ireland border counties.

As a member of the European Parliament's regional policy committee I inquired why there was not to be £10m allocated to the UK as was being given to the Republic, and I was told that this would be impossible as it would increase the UK's total allocation from the non-quota scheme to over 27 per cent. In other words, an unofficial quota *scheme is being operated for* the non-quota scheme.

Likewise when I queried the proposal not to aid border counties in their entirety in the north as was the basis of aid in the south of Ireland I discovered that this was an earlier private arrangement between the former Dublin Government and the then NI Secretary of State, Rt. Hon. Roy Mason, MP. The net result of this arrangement is that the cross-border *scheme in the United Kingdom* is to be restricted to seven districts within the four border counties. Of these seven districts six have anti-British majorities. The remaining five districts in these four border counties are all to be excluded: all five have pro-British majorities.

The implication that tourist development should be restricted to areas such as Crossmaglen; Carrickmore; or the Bogside is discrimination at its worst and is exactly why Ulster Unionists suspect NI Office talks about an Irish dimension or cross-border co-operation.

I hope that the Conservative and Unionist Government will revise this scheme before it comes before the Council of Ministers in Brussels early this year. Conservatives should ensure that funds are distributed in Ulster with impartiality.

John Taylor,
Mullinure,
Armagh,
Northern Ireland.

Selling to tourists

From the Chairman,
British Tourist Authority.

Sir,—In Michael Cassell's article, December 22, "Oxford Street's boom years at an end," he rightly refers to the great importance to London stores of our overseas visitors, but in his view *"one of the most buoyant* periods in Oxford Street's recent history is at an end."

Need it be? The British Tourist Authority, within its strained financial resources does its best to promote overseas the *attractiveness to visitors of what* Britain, and London in particular, has to offer in shopping here —and we do still offer good value for money. Much more could and should be done to emphasise this, but retailers and manufacturers alike must do their bit too.

The trade, with some honourable and important exceptions, does not do enough to promote itself abroad. Time is already short if we are not to be too late for 1980.

(Sir) Henry Marking,
British Tourist Authority,
Queen's House,
64 St. James's Street, SW1.

The water industry

From the Chairman, Thames Water Authority.

Sir,—The headline to John Lloyd's report in your issue of December 20, and the confusion in the report between the water industry and the instrument-manufacturing industry, were unfortunately misleading.

The "higher standards" referred to are being urged not upon the water industry but upon the instrument manufacturers. Britain's water industry is second to none in the world in its pusuit of exacting standards in water supply and waste-water disposal. Further, within the severe financial constraints now put upon us, we in Thames have a good record in taking *advantage of modern* process control systems.

I agree with Mr. Lloyd and the Department of Industry that there is increasing doubt as to future British capability in the production and maintenance of automated control systems for use in the water industry. This is greatly to be regretted because we would obviously much prefer to buy British in our further application of control systems based on microprocessing technology.

Geoffrey Edwards.
Members' Room, Thames Water,
New River Head, Rosebery
Avenue, EC1.

Bicycles on trains

From Mr. R. P. Dore

Sir, — I hope that, in his narrow conception of the objectives of British Rail, Mr. Haydon (December 29) is not typical of BR's top management. The free cycle scheme, *he says, was to promote* "optional and leisure travel by cyclists"—i.e., to drum up more business and improve BR's internal rate of return. No mention of the social objective of generally promoting the use of cycles in a country which has (however, half-heartedly) accepted energy conservation *as a national objective.*

But what does BR mean when it calls its Government subsidy the "contract price" it receives for operating railways on behalf of the national community, if not that it runs them in accordance with the community's purposes? And in its struggle to survive against road transport, which of our national purposes should it have more interest in stressing than energy conservation?

Clearly the cycle business can't be left to the Passenger Manager (Marketing). The problems Mr. Haydon lists are doubtless real, but there are other ways of tackling them than simply banning bikes.

R. P. Dore.
157, Surrenden Road,
Brighton.

Accommodating passengers

From Mr. D. Chatterton.

Sir,—If Mr. Haydon, British Rail's Passenger Manager (Marketing), is really serious about BR's role as a "mass mover of people" (December 29), *then can I suggest that in* addition to cyclists he also bans from peak hour trains the disabled, people with heavy baggage and suitcases, the unfit and the excessively fat? I can think of ways in which all of *these groups can delay the load*ing and unloading of trains, as well as causing conflict on platforms, staircases and barriers, behaviour which Mr. Haydon attributes to inconsiderate cyclists. Perhaps we can have *some figures on the delays which* these groups cause, along with the delays which are BR's own responsibility, so that at least we can see how guilty cyclists really are.

Doubtless BR, when it introduced its scheme to convey cycles by train, did not expect it to be used by commuters, but this lack of foresight is no reason for the blanket ban proposed. Why not first, for instance, try making it clear that riding on concourses and platforms is just as inconsiderate and dangerous as opening doors before the train stops, or subject *to the same penalty as improper* use of the communication cord? Why not designate the more lightly loaded trains either side of the peak as for use by cyclists? And why not ease the loading problem by making *known in which parts of the* train cyclists will be conveyed? —after all, on trains which serve stations with short platforms BR advises passengers to use certain coaches only and the arrangement works well enough.

I suspect that most cyclists are just as interested as other passengers in the efficient operation of commuter trains. I suspect also that ways of accommodating them with minimum inconvenience would be found if BR really wanted to. If cyclists are not wanted and BR feels it must apply a ban then at least justify the action with facts and figures rather than mere suggestions. Trying to label bike-riding commuters as inconsiderate vandals is just not good enough!

David Chatterton.
34 Derby Road, Forest Gate,
London, E7.

Petrol price rises

From Mr. W. Norman Hill

Sir,—As an industrialist and exporter of British products, I can see that the proposed increase in the petrol price, quite apart from any personal *unwelcome, will do damage to* the economy of the country.

With all the present savings in legislation, could not the Chancellor of the Exchequer give some consideration to reducing the duty payable on petrol and diesel fuels with an obvious benefit to commercial firms and private individuals.

W. Norman Hill,
"Claymore,"
31, Arley Road, Solihull.

Building at Stansted

From Mr. C. Strong

Sir,—In his article (December 28) about the development of Stansted as the third London airport Michael Donne stated that housing and other facilities *for a community of perhaps* 250,000 would need to be provided. I would like to suggest that extensive development in the immediate vicinity of Stansted would not be necessary.

Stansted is already easily accessible by road from Harlow and parts of south Essex and north east London. If the M11 were extended southwards and the existing rail services were improved, with motorway and *rail links into the airport (all* of which will surely be necessary in any case), Stansted would be within easy reach for an even larger population.

It would seem to me infinitely preferable to provide subsidised *travel to enable people in exist*ing built-up areas, some of which have declining employment opportunities, to work at the enlarged airport, rather than to build yet more houses on our rapidly declining stock *of good agricultural land.*

C. M. Strong.
89, Cornwall Gardens, SW7.

Members of the bored

From Mr. Brian Maurice.

Sir,—Might I suggest that the reason why management and a majority of the independent members of the Board of Directors of the Post Office have *decided that the worker director* experiment "was not doing any good" (December 13), has some connection with the report published by your Labour Correspondent on the same date, of the demands for "bored level representation" by employees. If this is not a Freudian slip, are we to assume that Trade Union claims as to *the lacklustre leadership* of British industry being at the root of the economic problems of this country, are now being given serious consideration in your columns.

Brian Maurice.
17, Coedygric Road,
Griffithstown, Pontypool, Gwent.

Gainfully employed

From the Chairman,
Blakeney Properties.

Sir, — As there is tremendous hiatus *being expressed* by the cutbacks in both national and local government services and facilities, I as a ratepayer would often wonder what is really happening and why it should appear both national and local government offices are so overstaffed. There does not appear to be any action taken to remedy these problems.

The question I would like to ask—is it possible for an individual to have access to the files of employment by all government departments so that one can examine the job specifica*tions of various people?*

To give two examples, and as always it is impossible to get absolute proof, in one area of local government I know, there are a number of building inspectors, and these building *inspectors have admitted they* have only one job each, to inspect and, according to inform*ation which* obviously is second-hand, they only inspect these sites once a week, so what are they doing the rest of the week? *One then has to multiply the* number of instances such as this and I think one can get horrific numbers of people who are absolutely wasting their time away being highly paid and with nothing to do. Surely *this* is a terrible lack of managerial control.

In another area, another *specific case — this time an* architect in this local government office. He claims that normally he never bothers to go *out and look at sites*, only when the inspectors come in to check out his work-load and what he is trying to achieve now, is to wander round sites for two or three weeks without answering any mail so that when the in*spectors come along he can state* he is overworked and wants assistance and obviously a very high increase in salary.

It does not really sound plausible, but apparently it is going on everywhere.

I come back, therefore, to my prime point: surely there should be an inspection so that rate*payers can go and inspect all* job specifications and find out what actually is happening in their areas, or nationally.

Ralph Murfitt.
Blakeney Properties,
Blakeney Hotel, Blakeney,
Norfolk.

Arbitration in Scotland

From Mr. P. Cross

Sir,—I read with interest the article by A. H. Hermann (December 20) entitled "Delaying tactics threaten arbitration cases.". I would draw your readers' attention to the fact that while the article sets out *most clearly the situation which* exists in England, here in Scotland matters are somewhat different. I would particularly *draw attention to the statement* that "the English Courts guard rather jealously their powers to supervise arbitration taking place in the UK." Of course, the English Courts have no jurisdiction over arbitration in Scotland. Furthermore, it *is* and has been for many years possible for the parties in an arbitration conducted under Scottish Law to waive their rights of appeal to the Courts.

I would submit that in Scot*land arbitration can, in fact,* proceed with expedition and economy.

P. F. O. Cross.
13, Park Circus, Glasgow.

Unsatisfied claim forces Walton into liquidation

BY ANDREW FISHER

Wilson Walton Engineering has decided that liquidation offers the only way out of its financial difficulties, which stem largely from an unsatisfied £1.6m claim for work carried out in the North Sea in 1977.

The company said that the claim, which could be subject to arbitration, had combined with the difficulty of obtaining new business and the lack of forward orders—it had hoped for a large Dutch contract — to affect liquidity to the extent that it was impossible to carry on business.

Having looked at the alternatives, it added, the board arrived at the view that the company would have to proceed to liquidation. Wilson Walton's shares were suspended last week at 8p—last year's high was 37p—at its own request.

Mr. Anthony Wilson, the chairman, said last night that shareholders would be asked to vote at an EGM on January 18 in favour of the company seeking an orderly winding-up.

"We could not carry on without a substantial injection of outside capital," he commented. He said other UK and foreign interests, including some from Iran, had made approaches, "but you can't live on interest or the prospects of a deal tomorrow."

Wilson Walton, which came to the market only three years ago, had also been to the National Enterprise Board with its problems, he said. But the NEB considered that the time available was too short to consider a takeover or a financial stake.

Mr. Wilson, whose family company Wilson Walton International (Holdings) owns nearly a quarter of the company, said the £1.6m claim was with Shell over the building of a production platform for the Indefatigable gas field in the southern UK section of the North Sea.

Because of extensive design changes, the cost of the work to Wilson Walton had been greater than expected, he said. But Shell's view was that Wilson's claims were not substantiated by fact.

Altogether, the company provided nearly £1.8m in its accounts for 1978 to cover the claim against Shell and other losses on contract settlements. As a result, it turned in a £1.7m pre-tax loss against a profit of nearly £900,000 the previous year.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Electronic Rentals, Howden Group, KCA International, B. Paradise, F. H. Tomkins.

Final—Birmingham Pallet.

FUTURE DATES

Interim—

Daily Mail and General Trust ... Jan. 11

Finals—

Barr (A. G.) ... Jan. 7

Bond Street Fabrics ... Jan. 10

Investors Capital Trust ... Jan. 8

Yearlings

The full list of this week's local authority yearling bonds, announced on Tuesday, are as follows: Wansbeck DC (£0.25m), City of Salford (£0.5m), Daventry DC (£0.25m), Borough of Eastleigh (£0.25m), Borough of Hyndburn (£0.5m), Mole Valley DC (£0.25m), North Bedfordshire BC (£0.5m), Borough of Tamworth (£0.25m), Royal Borough of Windsor and Maidenhead (£1m), Brentford DC (£0.25m), London Borough of Havering (£1m), City of Leeds (£0.25m), South Staffordshire DC (£0.5m), Wirral BC (£0.5m), Chorley BC (£0.5m), Dudley Metropolitan BC (£0.75m), London Borough of Hillingdon (£1m) and London Borough of Hounslow (£1m).

The bonds have a coupon rate of 15½ per cent, are issued at par and are due on January 7, 1981.

GRINDLAYS STEPS UP CAPITAL

The authorised capital of Grindlays Bank has been increased from £30m to £75m by the creation of 45m new £1 shares.

Issued capital has been increased from £15.78m to £60m by the capitalisation of £19.02m standing to the credit of the share premium account and £25.2m from reserves.

The capital is held by Grindlays Holdings (51 per cent) and Citibank N.A. New York (49 per cent).

Further FII factory closures

DESPITE the closure of two London factories, losses have continued at Footwear Industry Investments' remaining factory units in London and Essex and it has been decided to close these as soon as possible.

By this action the workforce will be reduced by about 275 and it is envisaged that the run-down and completion of closures will be effected by the end of the financial year on May 31, 1980.

The directors report that the footwear manufacturing business in Wales is going from strength to strength and merchanting operations are doing well. Were it not for the setback in manufacturing in London and Essex, it is probable that this would have been a very good year for the company.

While the cost of the closures will affect the higher level of profit targeted for 1979/80, the elimination of these continuing loss-making units will contribute to a significant strengthening of the Group's prospects for improved future performance.

For the last full year a profit of £438,000 was reported after a second half loss of £22,000.

BOUSTEAD

In a deal worth 699,000 ringgits (£143,532), Boustead Holdings Bhd has agreed to sell 30 per cent of Progress Castings Sdn Bhd to Delta Building Products, of Birmingham.

E. C. Cases goes into receivership

E.C. Cases, the Cardiff-based fencing products group which reported heavy interim losses in September, has gone into receivership.

In a statement yesterday the company said that the "deteriorating trading circumstances" of the company had reached a point where the bank considered it necessary to appoint a receiver. Lloyds Bank has appointed Mr. Robert Ellis of Touche Ross.

Record profits of £427,000 were reported by the group in 1973 but there was a steady decline over the following years. In 1978 the group turned in a loss of £8,420 and in the first half of the current year losses had reached £178,000. The directors attributed this to a combination of bad weather and the industrial situation in the early months of the year.

A provision of £1.1m was made in May, 1977, against the investment in Multyflex (IMC), which the group had acquired the previous June, following the appointment of a receiver to the subsidiary. Multyflex had made a loss of £182,000 in the first six months since acquisition.

Mr. Yvon Milre, who took over the chairmanship when Mr. A. J. Merrett resigned in May, 1977, said yesterday that the company had found it difficult to overcome the setback caused by Multyflex. This combined with high interest rates, industrial disruption, bad weather and depressed demand had brought the company to its present position.

The shares were suspended yesterday at 5p which compares with a high for 1979 of 15½p.

Ex-Rivington Reed chief sells holding to BMCT

DR. JOHN BLACKBURN, the former chief executive of Carrington Viyella and Vantona whose brief tenure at the Rivington Reed textile group ended just before Christmas, has sold his 500,000 shares in Reed to Mr. Graham Ferguson Lacey's Birmingham and Midland Counties Trust.

It was Mr. Ferguson Lacey who brought Dr. Blackburn into Reed two years ago, but it was announced in the middle of last month that he was to be "released from his contract" as chief executive.

Reed lost £516,000 before tax in the six months to September 29 against a previous £207,000 profit.

The sale of Dr. Blackburn's shares—the price was undisclosed but believed to be well above yesterday's market level of 16p a share—brings Birmingham and Midland's stake in Reed up to 28.3 per cent. The deal was not made through the market.

TREASURY STOCK

The Bank of England has announced that, under the terms of the prospectus dated March 6, 1973, 9 per cent Treasury convertible stock 1980 will be repaid at par on March 3, 1980.

Alternatively, at the option of holders, it may be converted as at that date into 9 per cent conversion stock 2000 at £110 nominal of conversion stock for every £100 nominal of 9 per cent Treasury convertible stock, 1980 converted.

ARA buys Grand Met's N. Sea catering divison

Grand Metropolitan, the hotels, leisure and drinks group, is pulling out of North Sea catering. It is selling Sea Hotels to ARA Offshore, the offshore catering division of ARA Food Services.

ARA claims this will make it one of the largest North Sea catering companies, with a total of nine oil installation contracts, including Ninian, Beryl, Thistle and Forties.

The purchase also provides ARA with its first contracts on gas platforms. These are situated off the coast of East Anglia and ARA plans to open an office in Great Yarmouth to service them.

Grand Met's decision to sell comes after seven years of operating in this highly competitive field. The decision was made after a review of the future potential market. Mr. David Unwin, managing director of Sea Hotels, said greater opportunities existed in concentrating resources on international activities, which included camp management and offshore services.

Mr. Philip Houldsworth, chief executive of ARA Food Services, said the acquisition was an important factor in the planned expansion of the company's offshore activities. It represented part of the company's overall development programme for the UK, which included the extension of site service activities at Sullom Voe.

In last year's annual statement, the directors of Grand Met reported that Sea Hotels continued to maintain profitability "in the competitive North Sea oil and gas platform catering market."

Apart from the North Sea, ARA's interests cover vending, industrial catering, office coffee systems and leisure catering. It has an annual turnover of over £25m and group profits are in excess of £1m. Of this profit ARA Offshore contributed some 20 per cent.

Sea Hotels' offshore staff will be retained by ARA.

NEW LIFE BUSINESS

Buoyant year for Pearl

BY ERIC SHORT

SUCCESSFUL marketing of linked life savings plans and an exceptional rise in its industrial life business were the dominant factors in a buoyant year for the Pearl Assurance Company. New annual premiums overall advanced by 27.8 per cent in 1979 from £31.3m to £40m, while single premiums were 63 per cent higher at £20.2m against £12.4m.

The company's linked life business sales last year accounted for all the single premium growth and the expansion of business in the Ordinary branch. The company's field staff were pushing this business in 1979 backed by a major TV advertising campaign. New annual premiums were over three times higher at £4.5m against £1.3m and single premiums more than doubled from £5.5m to £14.6m.

But it appears that sales of linked business were made at the expense of other forms of Ordinary life business. Sales of traditional with-profits savings contracts rose steadily from £4.4m to £4.7m, but self-employed pensions business declined by 50 per cent in 1979 from £4.8m to £2.4m. However, Pearl undertook a major TV campaign in 1978 to sell personal pensions to the self-employed which resulted in exceptionally high sales that year. The results for 1979 represent a more normal pattern and are well up on the 1977 figures.

Overall, new annual premiums in the Ordinary branch improved by 8 per cent from £14.4m to £15.6m.

In the Industrial branch, new annual premiums rose by 44 per cent from £16.9m to £24.4m. There were, however, two factors of a special nature that boosted the results in this sector. The figures for 1978 were artificially low, owing to a change in accounting practice that resulted in only 49 weeks' business being taken into account. Also last year saw the change in the method of crediting tax relief on life assurance premiums which gave a one-off boost of 21 per cent to premiums. Nevertheless, there was strong underlying growth in this type of business—premiums paid weekly or four-weekly and collected by agents.

SCOTTISH WIDOWS' GROUP

New premium income for the Scottish Widows' Group in 1979 was again a record, though the increase did not match that of the previous year. New annual premiums rose by 5.7 per cent from £38.7m to £40.9m and single premiums by 13 per cent from £27m to £30.5m. In 1978, new annual premiums advanced by 33 per cent.

Business written by the society itself showed annual and single premiums virtually unchanged at £26.1m and £7.5m respectively. Pensions business rose by 7 per cent from £16.2m to £17.3m and sales of low cost endowments in connection with mortgage repayment business held steady, even though the company is not in the mortgage top-up field.

Total subscriptions to the society's Exempt Unit Trusts were down last year from £6.9m to £5.9m. But the pensions management subsidiary, which offers investment management to pension schemes on a unitised basis, again showed strong growth. New annual premiums improved by 18 per cent to £14.8m and single premiums by 35 per cent to £17.1m.

Bonuses

The Scottish Widows' has again substantially increased its rates of intermediate reversionary bonus on most with profit contracts. For ordinary with profit policies, the new rate is £4.90 per cent per annum of the sum assured and attaching bonuses against £4.70 per cent previously. On personal pension, Pegasus and other individual and master schemes the rate is lifted from £5.50 to £5.80 per cent per annum compound. The company has also improved its terminal bonus rates on claims in 1980 particularly for the shorter terms.

The company declares reversionary bonuses once every three years, the next declaration being due at the end of this year. These new interim artes give a firm indication of the rates likely to be declared.

The Sun Alliance Insurance Group has maintained in 1979 its record bonus rates declared the previous year. On ordinary life policies this is £4 per cent of the sum assured and £6 per cent of attaching bonuses, while on personal pension contracts it is £4.20 per cent of the basic benefit and £5.80 per cent of attaching bonuses. On the executive pension plan, the rate on the basic benefit is kept at £3.75 per cent but on attaching bonuses it is lifted from £5.50 per cent to £5.75 per cent.

SUN ALLIANCE

Sun Alliance Insurance Group reports a 15 per cent rise in new annual premiums in 1979 from £16.1m to £18.5m—half the increase recorded for 1978.

Group pension business accounted for most of last year's growth with annual premiums rising 30 per cent from £6.3m to £8.2m. Executive pension business was extremely buoyant while individual life business improved by 5 per cent from £9.8m to £10.3m.

The company recorded an increase in with-profits savings contracts, but a slight fall in low-cost endowments connected with mortgage repayments, the company not being in the top-up mortgage market.

Regular premium self-employed pension business remained static in 1979. Annual premiums from the linked life subsidiary amounted to £400,000.

However, single premium business last year declined by 5.7 per cent from £10.6m to £10m, the whole of this fall coming from linked life business. This amounted to £5.4m last year against £6.2m in 1978—the first full year of operation of linked business. Other traditional single premium business remained static last year.

New sums assured were 17 per cent higher at £800m but annuities declined slightly to £29.1m.

SCOTTISH PROVIDENT

AN INCREASE of 20 per cent in new annual premiums, from £12.29m to £14.75m, is reported by The Scottish Provident Institution for 1979, compared with a rise of 31 per cent in 1978.

Premiums on ordinary life business were 10 per cent higher at £5.95m against £5.4m, and most of this growth came from low-cost mortgage related contracts, even though the company has a relatively small involvement in the top-up mortgage field. However, the 1978 level of business for self-employed annual premium business and small pension schemes was not fully maintained last year.

Group pension scheme business remained buoyant in 1979 with new annual premiums advancing 28 per cent from £6.89m to £8.8m. This increase was lower than that achieved in the previous year; business in 1978 was exceptional owing to the introduction of the new State pension scheme. The expansion of pension business in 1979 came from a natural increase in existing schemes, from new entrants and from higher benefit levels due to inflation.

Single premiums in 1979 were 18 per cent higher at £7.6m compared with £6.45m, with self-employed pension business being extremely buoyant in contrast to annual premium business in this sector. Net new sums assured were up 11 per cent at £535m and new annuities 30 per cent to £38.6m.

Milford Docks chairman hits out at dissident shareholders

IN A letter to shareholders, Mr. C. A. V. Smith, chairman of the Milford Docks Company, says that recent criticisms of the company are either erroneous, ill-judged or misleading.

Early last month a group of dissident shareholders who are seeking board representation said their purpose was to seek to improve the company's return on capital. Mr. Smith disputes the calculation of the return on capital assets and says it is 17.8 per cent and not 12 per cent as claimed.

The dissident shareholders—organised by Scanoil — also criticised the directors' use of the company aircraft, claiming that the managing director used it to commute from his home in Cambridge to Milford Haven.

According to Mr. Smith, the managing director does the trip to Milford about 40 times a year and frequently takes other directors and potential users of the docks along with him.

Far from being a waste of money, Mr. Smith says that the air service has in fact helped to bring this "nineteenth-century company into the twentieth century".

BENTLEY VOTED IN AT TEBBITT

Mr. John Bentley has been unanimously elected as chairman of the Tebbitt Group. Dr. H. Fletcher, the retiring chairman, will remain as a non-executive director.

MINING NEWS

Israel bromine expansion

BY KENNETH MARSTON, MINING EDITOR

ISRAEL'S Government-controlled Israel Chemicals, the quoted holding company whose interests cover 11 mining and mineral processing concerns, intends to spend U.S.$260m (£117m) over the next four years on expanding

As a result the company expansion, reports Lore Daniel from Tel Aviv.

The emphasis will be on increased output of potash and bromine from the Dead Sea. Higher production is envisaged of bromine products and it is hoped to expand the use of bromine in fire-retarding materials.

As a result the company expects exports to rise from $225m during the current fiscal year to $280m in 1980-81 and to $600m in 1984-85 at today's prices.

These figures compare with exports of $156m in 1978-79 of which one-third was accounted for by potash, one-third by phosphates, and the balance by bromine and fertilisers.

Already the Dead Sea bromine group is the world's largest exporter of bromine compounds and the largest producer outside the U.S. with a yearly output of 53,000 tonnes.

This is to be doubled over the next few years. At the same time, exports of potash are to be increased by 50 per cent to 1.8m tonnes annually and those of phosphate rock to 3m tonnes a year.

Still under construction is the Rotem fertiliser plant near Arad, in the Negev, which is to go on stream in 1981. It will make phosphoric and sulphuric acid, as well as compound fertilisers.

When the plant is fully operational, Israel Chemicals expect to export 150,000 tonnes of phosphoric acid annually, as compared with 25,000 tonnes at present.

Most of the research for the Israel Chemicals group is carried out by a subsidiary in Haifa, Israel Mining Industries, which also sells know-how abroad. It has developed many new processes, particularly in the field of the production of clean phosphoric acid and of potassium nitrate.

SPAIN

January 2	Price %	+ or —
Banco Bilbao	212	
Banco Central	230	
Banco Exterior	220	
Banco Hispano	220	
Banco Ind. Cat.	137	
Banco Madrid	175	
Banco Santander	250	
Banco Urquijo	190	−3
Banco Vizcaya	218	
Banco Zaragoza	205	
Dragados	100	
Espanola Zinc	60	
Fecsa	54.5	−8.7
Gal. Preciados	25	+1.5
Hidrola	58.7	−5.8
Iberduero	58	−5.5
Petroleos	113	−1
Petroliber	73	
Sogefesa	115	
Telefonica	56	−3
Union Elect.	61.2	−5.8

New issues lower in 1979

STATISTICS COMPILED by the Midland Bank show that the total of "new money" raised in the UK in 1979 by the issue of marketable securities (excluding borrowing by the British Government) declined for the second consecutive year to £967.2m, representing a decrease of £35m on the previous year and the lowest annual total since 1974.

In December the amount raised was £106m, the highest monthly total since June and a significant increase on the £15.7m raised in November. The bulk of the month's total was accounted for by eight company issues amounting to £104m.

A total of £101.5m of this sum was by way of rights, with significant issues coming from Pilkington Brothers (£62.3m), Hammerson Property (£36.9m) and Wearwell (£2.1m). The remainder comprised three issues made by way of offers for sale, including two issues by water companies. Public bodies' share of the total was only £2m and comprised five local authority bond issues.

In contrast to the overall trend in the new issue market, the total raised by companies rose by £222.6m, or by one-third, over 1978. The £885.1m raised by companies in the year accounted for over 91 per cent of the total sum raised, compared with the 66 per cent share achieved by companies in 1978. The number of companies making issues, however, fell by 16 to 121 resulting in a rise in the average size of issues from £4.8m to £7.3m.

Issues by way of rights were the predominant method of fund-raising and represented the largest proportion for at least six years, accounting for £809.1m or 91 per cent of the total. Companies making significant issues by way of rights apart from those already mentioned included Grand Metropolitan (£80.6m), Standard Chartered Bank (£78.6m), Rank Organisation (£64.7m), Thomas Tilling (£59.3m), MEPC (£37.6m) and UDS Group (£35.5m).

An analysis of the company total by business of borrower again shows the financial group dominating the year's activity, with a total of £242.6m, an increase of £22.9m on the previous year. The total included the Standard Chartered Bank's issue made at the time of its acquisition of Union Bancorp and a £25m convertible debt issue by Slough Estates, the first major issue in this form for about three years.

The capital goods group took over from the miscellaneous manufacturing sector as the second largest fund-raising category with a total of £221.3m, more than double the total for 1978. The miscellaneous manufacturing group, nevertheless, increased its total by £14.6m to £208.5m.

Of the six new companies which came to the market during the year two, Mercantile House and Haynes Publishing, raised "new money" simultaneously. All six floatations were oversubscribed.

More than 4 per cent of the total of all new money raised, double the proportion for 1978, was specifically earmarked for use overseas. The £44.4m raised for this purpose included a £30.2m rights issue made by Cement-Roadstone, of Ireland.

Ordinary shares continued to dominate company issues, accounting for 89 per cent of the total sum raised, while preference share issues represented 3.9 per cent. There was a revival in fixed-interest debt issues after the exceptionally low level of activity in the previous year — the total raised advancing from £8.8m to £61.4m, or from 1.3 to 6.9 per cent. Convertible debt issues raised £26.8m, while all other forms of debt amounted to £34.6m.

Only £82.1m or 8 per cent of the year's total new money was attributable to public bodies.

See Lex

CURRENCIES, MONEY and GOLD

Dollar weak

The dollar lost ground against most currencies yesterday, with the current uncertainty over events in Iran and Afghanistan undermining confidence. The U.S. unit was also affected by gold's sharp rise, and central banks probably gave support during the day. Against the D-mark it fell to DM 1.7130, barely above the day's low of DM 1.7110 and sharply weaker than Monday's close of DM 1.7250. Similarly against the Swiss franc it fell to SwFr 1.5770 from SwFr 1.5950 and finished lower in terms of the Japanese yen at Y238.40 against Y239.75. On Bank of England figures, its trade weighted index fell to 84.6 from 85.0.

After a weaker start sterling rose against most currencies to finish at its best level. Fears over a prolonged strike by steel workers saw the pound fall from an opening level of \$2.2205-2.2230 to a low of \$2.2165-2.2175, but by noon it had recovered to around \$2.2265, and touched a best level of \$2.2435 in the late afternoon, before closing at \$2.2415-2.2425, a rise of 2.2c from Monday. In later trading in New York sterling continued to improve maintaining a level of over \$2.2400.

The pound's recovery during the day was reflected in its trade weighted index, which showed an opening calculation of 69.8. This rose to 70.0 at noon and finished at 70.2, unchanged from Monday.

FRANKFURT—The dollar fell to its second lowest fixing level ever yesterday to DM1.7145, sharply lower than Monday's level of DM1.7315. Fears over Russian troops in Afghanistan and a sharp rise in the gold price prompted the Bundesbank to buy \$24.5m at the fixing, and a further \$125m outside the fixing.

Trading was still at a relatively low level after the New Year, with dealers suggesting that the dollar could possibly be stronger on favourable economic factors but for the present unrest in the Middle East.

MILAN—Unrest in the Middle East saw the dollar fall to a three-month low against the lira at yesterday's fixing to L801.20, compared with L804.05 on Monday. Against EMS currencies the lira was weaker overall with the D-mark rising to L467.35 from 465.25 and the Irish punt at L1,729 from L1,727. The Dutch guilder was fractionally firmer at L424.05 against L424.0, while the French franc eased to L199.70 from L199.93.

PARIS—The French franc remained the most improved currency within the EMS, but lost a little ground overall. Against the D-Mark it was weaker, with the latter rising to FFr 2.3418 at the fixing from FFr 2.3370 on Monday, and the Belgian franc firmer at FFr 14.42 per BFr 100 compared with FFr 14.3680 previously. Outside the EMS sterling fell to FFr 8.9475 from FFr 8.9825 and the dollar was weaker at FFr 4.0135 against FFrs 4.0200.

COPENHAGEN—The Danish krone showed mixed changes against its EMS partners, but rose against the dollar and sterling. The D-Mark rose to DKr 3.1110 from DKr 3.0995 while the French franc slipped at the fixing to DKr 1.3307 from DKr 1.3365. The Belgian franc gained marginally to DKr 19.14 from DKr 19.13 per BFr 100 and the Dutch guilder was unchanged at DKr 2.8245. The dollar fell to DKr 5.3360 compared with DKr 5.3685 and sterling was lower at DKr 11.8770 against DKr 11.9270.

THE POUND SPOT AND FORWARD

Jan. 2	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2165-2.2435	2.2415-2.2425	0.70-0.60c pm	3.48	1.60-1.50 pm	2.76
Canada	2.5830-2.6110	2.6080-2.6100	0.80-0.70c pm	3.45	2.10-2.00 pm	3.14
Nethlnd	4.19-4.25	4.23½-4.24½	2⅛-1⅛c pm	4.95	6-5 pm	5.19
Belgium	61.80-62.50	62.35-62.45	17-7c pm	2.31	40-30 pm	2.24
Denmark	11.83-11.97	11.95½-11.96½	1½ore pm-½ dis	0.50	½-2½ dis	−0.50
Ireland	1.0305-1.0380	1.0325-1.0335	0.07-0.17p dis	−1.39	0.21-0.31dis	−1.01
W. Ger.	3.80-3.85	3.83½-3.84½	3⅛-2⅛pf pm	8.98	8½-7½ pm	8.33
Portugal	110.40-111.30	110.95-111.15	par-50c dis	−2.70	20-120 dis	−2.52
Spain	146.75-148.00	147.85-147.95	25-75c dis	−4.06	85-185 dis	−3.65
Italy	1780-1796	1793½-1794½	1lire pm-1 dis	—	3-5 dis	−0.89
Norway	10.88-11.03	11.01-11.02	5-3ore pm	1.45	12¾-10¾ pm	4.27
France	8.90-9.00	8.98½-8.99½	2⅞-1⅞c pm	3.17	6¾-5¾ pm	2.78
Sweden	9.18-9.29	9.27¾-9.28¾	3-1ore pm	2.57	6¾-4¾ pm	2.48
Japan	526-536	533½-534½	4.55-4.15y pm	9.77	11.60-11.20pm	8.53
Austria	27.40-27.70	27.63-27.68	18-8gro pm	5.64	60-50 pm	7.95
Switz.	3.50-3.54½	3.53-3.54	3⅞-2⅞c pm	11.48	10½-9½ pm	11.31

Belgian rate is for convertible francs. Financial franc 64.45-64.55. Six-month forward dollar 2.80-2.70c pm. 12-month 4.95-4.85c pm.

THE DOLLAR SPOT AND FORWARD

Jan. 2	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2165-2.2435	2.2415-2.2425	0.70-0.60c pm	3.48	1.60-1.50 pm	2.76
Ireland†	2.1510-2.1530	2.1510-2.1530	0.90-0.80c pm	4.74	2.05-1.95 pm	3.72
Canada	1.1643-1.1662	1.1643-1.1646	0.07-0.03c pm	0.51	0.19-0.15 pm	0.58
Nethlnd	1.8890-1.8920	1.8910-1.8920	0.40-0.30c pm	2.22	1.30-1.20 pm	2.64
Belgium	27.80½-27.94	27.84-27.86	½-2c dis	−0.54	2 pm-par	0.14
Denmark	5.3250-5.3430	5.3405-5.3430	1.00-1.50ore dis	−2.81	4.00-4.50dis	−3.18
W. Ger.	1.7110-1.7210	1.7125-1.7135	0.84-0.74	5.53	2.50-2.40 pm	5.72
Portugal	49.52-49.70	49.52-49.62	15-25c dis	−4.84	45-75 dis	−4.84
Spain	66.02-66.11	66.05-66.09	30-50c dis	−7.26	80-100 dis	−5.45
Italy	801.00-803.50	801.10-801.40	2½-4½lire dis	−5.05	7-9 dis	−3.99
Norway	4.9135-4.9180	4.9170-4.9180	0.70-0.20ore pm	1.10	2.50-2.00 pm	1.83
France	4.0100-4.0205	4.0135-4.0165	0.15c pm-0.05 dis	0.15	0.70-0.30 pm	0.50
Sweden	4.1320-4.1425	4.1415-4.1425	par-0.20ore dis	−0.29	0.10pm-0.10dis	—
Japan	237.60-239.70	238.35-238.45	1.30-1.15y pm	6.17	3.50-3.35	5.75
Austria	12.33½-12.35¼	12.34¼-12.35¼	3.75-1.75gro pm	2.67	17.00-12.00pm	4.86
Switz.	1.5706-1.5860	1.5765-1.5775	1.12-1.02c pm	8.74	3.62-3.52 pm	9.05

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Dec. 28	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.591166	0.646298
U.S. $	12	1.31830	1.44286
Canadian $	14	1.54597	1.69320
Austria Sch	3¾	16.3288	17.8698
Belgian F	10½	36.8893	40.3568
Danish K	11	7.04961	7.72146
D Mark	6	2.27143	2.48577
Guilder	9½	2.50609	2.73783
French Fr	9½	5.39957	5.80462
Lira	15	1060.24	1160.06
Yen	6¼	316.128	345.637
Norwgn. Kr	9	6.51636	7.11186
Spanish Pts	8	87.2042	95.4091
Swedish Kr	9	5.46633	5.98787
Swiss Fr	2	2.10401	2.30136

CURRENCY MOVEMENTS

Jan. 2	Bank of England Index	Morgan Guaranty changes %
Sterling	70.2	−35.7
U.S. dollar	84.6	−8.5
Canadian dollar	81.0	−16.9
Austrian schilling	158.3	+24.0
Belgian franc	115.7	+13.9
Danish kroner	110.0	−1.9
Deutsche mark	169.3	+47.0
Swiss franc	204.6	+83.4
Guilder	126.5	+20.8
French franc	102.9	−5.1
Lira	55.2	−49.8
Yen	118.0	+17.1

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Jan. 2	£	$		£ Note Rates
Argentina Peso	3594-3614	1605-1610	Austria	27.30-27.70
Australia Dollar	2.0095-2.0135	0.9020-0.9025	Belgium	64.00-64.50
Brazil Cruzeiro	94.01-95.01	41.95-42.35	Denmark	11.86-11.94
Finland Markka	8.27-8.28	3.6940-3.6960	France	8.94-9.00
Greek Drachma	84.260-86.266	37.87-38.02	Germany	3.81½-3.84
Hong Kong Dollar	10.98¾-10.98¾	4.9250-4.9280	Italy	1770-1835
Iran Rial	n/a	n/a	Japan	530-535
KuwaitDinar (KD)	0.600-0.610	0.2726-0.2727	Netherlands	4.20½-4.23
Luxembourg Frc.	62.35-62.45	27.84-27.86	Norway	10.94-11.02
Malaysia Dollar	4.8510-4.8610	2.1775-2.1785	Portugal	109-117
New Zealand Dlr.	2.2580-2.2640	1.0130-1.0150	Spain	146½-154½
Saudi Arab. Riyal.	7.42-7.52	3.3690-3.3700	Switzerland	3.51½-3.54
Singapore Dollar.	4.7875-4.7975	2.1500-2.1510	United States	2.227-2.2345
Sth. African Rand	1.8370-1.8410	0.8255-0.8265	Yugoslavia	46½-51½

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 2	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.3135	+1.32	+1.32	±1.53
Danish Krone	7.72336	7.72413	+0.01	+0.01	±1.64
German D-Mark	2.48208	2.48211	—	—	±1.125
French Franc	5.84700	5.81136	−0.61	−0.61	±1.3557
Dutch Guilder	2.74362	2.73676	−0.25	−0.25	±1.512
Irish Punt	0.668201	0.671402	+0.48	+0.48	±1.668
Italian Lira	1157.79	1159.31	+0.13	+0.13	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Jan. 2	PoundSterling	U.S. Dollar	Deutschem'k	Japan'se Yen	FrenchFranc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.242	3.840	534.0	8.990	3.535	4.240	1794.	2.610	62.40
U.S. Dollar	0.446	1.	1.713	238.2	4.010	1.577	1.891	800.2	1.164	27.83
Deutschemark	0.260	0.584	1.	139.1	2.341	0.921	1.104	467.2	0.680	16.25
Japanese Yen 1,000	1.873	4.199	7.191	1000.	16.84	6.620	7.940	3360	4.887	116.9
French Franc 10	1.112	2.494	4.271	594.0	10.	3.932	4.716	1996.	2.903	69.41
Swiss Franc	0.283	0.634	1.086	151.1	2.543	1.	1.199	507.5	0.738	17.65
Dutch Guilder	0.236	0.529	0.906	125.9	2.120	0.834	1.	423.1	0.615	14.72
Italian Lira 1,000	0.557	1.250	2.140	297.7	5.011	1.970	2.363	1000.	1.455	34.78
Canadian Dollar	0.383	0.859	1.472	204.6	3.445	1.355	1.625	687.5	1.	23.91
Belgian Franc 100	1.603	3.593	6.154	855.8	14.41	5.665	6.795	2875.	4.182	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 13.95-14.05 per cent; three months 13.95-14.05 per cent; six *months 13.85-13.95 per cent; one year 13.00-13.10 per cent.*

Jan. 2	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	17-17¼	13¾-14	12½-13½	10½-10¾	1¾-2	7⅜-7½	13½-14	13-17	—	4½-7⅛
7 days' notice	16-16¼	13⅞-14⅛	12½-13½	10¾-11	1¾-2	7⅝-7¾	16¼-13¾	15¼-17¾	14-14⅛	6⅛-7¾
Month	16⅞-17⅛	13⅜-13⅝	13⅜-15¾	11⅛-11⅜	4⅝-4¾	8⅛-8¼	13¾-14	16¼-18¾	13⅜-13½	7-7½
three months	16⅞-17⅛	14-14¼	13⅜-13¾	11⅜-11⅝	5⅛-5⅝	8 9/16-8 7/16	13⅞-14⅛	17¼-18¾	14 1/16-14 1/16	8⅛-8½
six months	16⅞-17⅛	14 1/16-14 1/16	12¾-13⅛	11-11¼	5 11/16-5 11/16	8 5/16-8 5/16	13⅞-14⅛	17½-18½	14¼-14⅜	8 1/16-8 1/16
one year	15⅛-15¾	12¾-13	12¼-12⅝	10⅛-10⅜	5⅜-5½	8 1/16-8 1/16	13⅝-13⅞	16½-17½	12⅞-13	7 7/16-8 1/16

Long-term Eurodollar two years 11⅞-12⅛ per cent; three years 11¾-12 per cent; four years 11¾-12 per cent; five years 11⅝-11¾ per cent; nominal closing rates. Short-term rates are call for sterling. U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

German rates fall

Call money fell sharply in Frankfurt yesterday, following a general easing of conditions, and was quoted at 8.10-8.30 per cent compared with 10-12 per cent on Monday. Book squaring at the end of the year led to heavy demand for day-to-day money during the last few days of 1979. With the beginning of the new year term rates have also declined, particularly in the shorter periods. One-month money fell to 8.30-8.50 per cent from 9.60-9.80 per cent; three-month to 8.50-8.70 per cent from 9.25-9.40 per cent; six-month to 8.40-8.60 per cent from 8.75-8.90 per cent; and 12-month to 8.30-8.50 per cent from 8.40-8.60 per cent. There will be no press conference following today's Bundesbank council meeting—the first to be presided over by Herr Karl Otto Poehl as president of the central bank—normally a reliable indication that credit and monetary policy will be unchanged.

PARIS—Call money remained at 12⅜ per cent, unchanged from last Friday, when day-to-day funds rose to the highest level since November 18, 1974. Period rates were firmer than the latter part of last wek, with one-month funds rising to 12⅜-12½ per cent from 12¼-12⅜ per cent; three-month to 12⅝-12¾ per cent from 12½-12⅝ per cent; six-month to 12⅝-12¾ per cent from 12½-12⅝ per cent; and 12-month to 12⅜-12½ per cent from 12 5/16-12 7/16 per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were generally firmer, with one-month rising to 14¼-14½ per cent from 14⅛-14⅜ per cent. Three-month was quoted at 14¼-14½ per cent compared with 14⅛-14⅜ per cent, while six-month increased to 14¼-14½ per cent from 14¼-14⅜ per cent; and 12-month to 14¼-14½ per cent from 13¼-13½ per cent.

AMSTERDAM — Call money was quoted at 10¼-11 per cent compared with 10¼-11½ per cent, while term rates were easier. One-month money fell to 11½-12 per cent from 12½-13 per cent; three-month to 12-12½ per cent from 12½-13 per cent; and six-month to 11¼-11¾ per cent from 11½-12 per cent.

SINGAPORE—Overseas Union Bank yesterday became the last of the big four Singapore based banks to raise its prime rate during the current round. It joins The Development Bank of Singapore and United Overseas Bank on 9¼ per cent, an increase of ¼ per cent. Overseas Chinese Banking Corporation recently increased its prime arte to 9 per cent, to maintain the traditional ¼ per cent differential with the other three major banks.

GOLD

Record rise

Gold recorded its biggest one-day movement ever in the London bullion market yesterday to finish at a record \$566-569, a rise of \$41 an ounce or nearly 8 per cent since Monday. The closing level was also the highest seen in London, but in New York the spot equivalent was quoted higher still at \$569-571. Gold opened in London at \$554-558, and the strong demand was prompted by further unrest in the Middle East. Rumours of a suspension in dealings of gold coins were largely unfounded, although dealers pointed out that trading was curtailed considerably by the sharp rise in gold and hectic conditions.

In Paris the 12½ kilo bar was fixed at FFr 75,000 per kilo (\$581.18 per ounce) in the morning, with trading suspended around mid-day because of gold's sharp rise. Normal trading is expected to resume today.

	January 2		December 28	
Gold Bullion (fine ounce)				
Close	\$566-569	(£252½-254)	\$525-528	(£236-237½)
Opening	\$554-558	(£247½-249½)	\$525-528	(£236¼-237¾)
Morning fixing	\$559	(£251.123)	\$524.00	(£235.189)
Afternoon fixing	\$559.50	(£258.410)	...	..
Gold Coins				
Krugerrand	\$587-591	(£262-265)	\$546-549	(£244-247)
Mapleleaf	\$585-590	(£261-264)	\$540-545	(£242-245)
New Sovereigns	\$147½-148½	(£66-67)	\$136-137	(£61-62)
King Sovs	\$150-155	(£68-71)	\$147-150	(£66-67½)
Victoria Sovs	\$150-155	(£68-71)	\$147-150	(£66-67½)
Fr 20 Napoleon	—	—	FFr505-520	(SFr200-205)
50 pesos Mexico	\$698-703		\$653-665	
100 Cor. Austria	\$550-570		\$510-513	
\$20 Eagles	\$650-660		\$600-610	
\$10 Eagles	...		...	
\$5 Eagles	...		...	

UK MONEY MARKET

Adequate credit

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Day-to-day credit was in good supply in the London money market yesterday, and the authorities did not intervene. Banks brought forward large surplus balances, Government disbursements were slightly in excess of revenue payments to the Exchequer, and the market was also helped by a moderate fall in the note circulation. On the other hand there was a small net take up of Treasury bills to finance and repayment was made of the small amount lent to the market on Monday.

Discount houses paid 15½-16½ per cent for secured call loans in the early part, and closing balances were taken at 12-15 per cent.

Rates in the table below are nominal in some cases.

MONEY RATES

NEW YORK

Prime Rate	15-15¼
Fed. Funds	15-15¼
Treasury Bills (13-week)	12.12
Treasury Bills (26-week)	11.89

GERMANY

Discount Rate	6
Overnight Rate	8.20
One month	8.40
Three months	8.60
Six months	8.50

FRANCE

Discount Rate	9.5
Overnight Rate	12.375
One month	12.4375
Three months	12.8125
Six months	12.6875

JAPAN

Discount Rate	8.25
Call (Unconditional)	8.125
Bills Discount (three-month)	8.46875

LONDON MONEY RATES

Jan. 2 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	13⅛-16¾	—	—	—	16	12-16¼	—	—	—
2 days notice	—	—	17-17¼	—	—	—	—	—	—	—
7 days or 7 days notice	—	16⅝-16⅞	17¼-17½	—	17⅜	17	16⅛-16½	—	—	—
One month	17-16⅞	16 15/16-17⅛	17-17⅛	18¼-18	17⅝	17⅝	16⅝	15 13/16-15 25/32	17 3/16-17¼	17¼
Two months	17-16⅞	16 15/16-17 1/16	—	17½-17	17⅝	—	16⅜-16½	15 25/32	16⅞-17	17⅛
Three months	17-16⅞	16 15/16-17 1/16	16⅞-17	17⅛-16⅝	17⅜	17⅛	16⅝	15⅞	16 15/16-16	17
Six months	16½-16⅝	16 9/16-16⅝	16⅜-16⅝	16⅜-16⅛	17	—	—	—	16 1/16	16¼
Nine months	16⅝-16½	15⅝-15⅝	—	16⅛-15⅞	16	—	—	—	—	—
One year	16 5/16-15	16 1/16-15⅝	16⅝-16¾	16⅝-15⅛	15⅝	—	—	—	—	—
Two years	—	—	16⅛-15⅝	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice others seven days fixed. *Long-term local authority mortgage rates nominally three years 15⅞-15⅝ per cent; four years 15⅝-15⅞ per cent; five years 15 27/32-15½ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 16 9/16-16½ per cent; four-month trade bills 16¾ per cent.

Approximate selling rates for one-month Treasury bills 15⅞ per cent; two-month 15¾ per cent; three-month 15 25/32-15 27/32 per cent. Approximate rates for one-month bills 17-17⅛ per cent; two-month 16¾-16⅞ per cent; three-month 16½-16⅝ per cent; one-month trade bills 17 per cent; two-month 16⅞ per cent and three-month 16¾ per cent.

Finance Houses Base Rates (published for the Finance Houses Association) 17 per cent from January 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 15 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills: Average tender rates of discount 15.8421 per cent.

WEST GERMAN EQUITIES

A poor year for blue chips

BY GUY HAWTIN IN FRANKFURT

WEST GERMANY'S stock exchange analysts have concluded that 1979 was a year of unfulfilled promises. The fundamentals were good. For industry, business improved steadily on a broad front over the 12 months, but the market failed to share in the recovery.

The Commerzbank Index—West Germany's oldest (1953=100)—started the year at 817, well up on year-end 1977 when it stood at 787.6. However, by the close of 1979 it had sunk to 715.7.

Admittedly, this figure is above the year's low, which was plumbed on November 7 when the index fell to 705. This was the lowest level for the index in three years.

But even so, the year's steady downward course has wiped an average 12.4 per cent off the value of West German equities, despite the fact that average industrial profits have shown a very strong improvement.

Analysts blame the poor performance of the market squarely on the restrictive monetary policy pursued by the Bundesbank, the Federal Republic's central bank, during 1979. One bank economist said recently: "The Bundesbank's tight money policy has held down share prices and depressed the bond market. There is nothing else to blame for it."

Stock Exchange turnover during the year is estimated to have been down by about a fifth on 1978's level. The heaviest declines have been among the country's 16 "blue chips," although, strangely enough, there has been less of a drop in the turnover of the foreign shares quoted on the country's eight bourses.

Another unusual feature of the year's performance is that the market has been underpinned by the private investor, normally a cautious soul. The institutional investors, who dominate stock exchange activity, have been far more hesitant, while the private individual has shown an unexpected spirit of adventure.

This tends to confirm the theory that the Bundesbank is to blame for the market's woes. The institutions usually react far faster than private investors. This year, however, the faster industrial growth has been, the faster share prices have fallen—a clear sign that the institutions have been strapped for cash.

The bond market, which has remained depressed for much of the year, adds further confirmation of the theory despite its recent recovery. The Bundesbank's policies, say the analysts, have left the institutions so short of money that they have been forced to restrict their activities severely.

The result of all this is that German shares are now looking cheap, according to the analysts. The average price of the 60 leading shares which make up the Commerzbank Index is just 10 times earnings. This compares with an average price in 1978 of 13 times earnings.

As far as the blue chips are concerned, the price advantage is even greater. They are currently fetching about nine times earnings.

Tight money policy by the Bundesbank is being blamed for the 12.4 per cent decline in West German shares but private investors have shown more optimism than the institutions

This itself provided the impetus for a short-lived recovery in the market at the mid-point of the year. But, although on a price-earnings basis shares have for some time looked better than the yields obtainable on long-term bonds, prospects of improved earnings have been swiftly discounted by the cash-strapped institutions.

Another reason for the lack of interest has been a growing feeling that there are serious structural problems with German corporate profits. During 1979, profits on turnover have been very low — not more than 1978's average of 2.5 per cent.

Performance on the profit front looks even worse when inflation is taken into account. This has led to deep suspicions that the abysmal profit record is not just a factor of the business cycle, but a symptom of a much more serious ailment.

A review of the individual industrial sectors shows very few gainers and a whole host of losers. The only real winner has been the insurance sector, where share prices by the end of November had shown an average increase of 7.1 per cent.

In contrast, major price declines have taken place on a broad front. Motor manufacturers, engineering groups, construction groups, department stores, banks, iron and steel makers and consumer goods manufactures and their suppliers have all seen hefty falls in their share prices.

Hardest hit during the course of the year has been the iron and steel industry, where the average share price decline has been something over 28 per cent since end-1978.

Motor industry shares declined over the year by 22.3 per cent. Prospects of good profits, as in the past three years, have already been discounted as the industry moves out of a boom which has lasted for more than four years.

Shares in department stores have fallen by 22.3 per cent, reflecting fears that profits will be hit hard by the decline in West German real disposable incomes brought about by sharply increased energy costs. For much the same reason, 18.5 per cent was wiped off the shares of companies in the consumer goods and allied products sector.

The construction industry has seen its average share price fall by 19.4 per cent, despite the fact that order books are at a very high level. Although analysts have been taken somewhat by surprise by this in view of the domestic upturn, the spectacular collapse of Beton- und Monierbau has brought home to many people the fact that foreign business carries considerable risks. Furthermore, there are fears that domestic demand will flatten out in 1980.

The 14.9 per cent decline in bank shares has also surprised analysts. But the banks' interest margins have been under pressure for much of the year, while bond portfolios will also require substantial depreciation provisions.

The outlook for this year is rather less gloomy, say the analysts. Much has been discounted in 1979, and provided that things do not worsen on the energy front, the trend should be upwards. All in all, however, the predictions look rather like last year's. They may well be right, but they engender something of a sense of déjà-vu.

WELLS FARGO

Chasing the money down south—125 years on

BY ART GARCIA IN SAN FRANCISCO

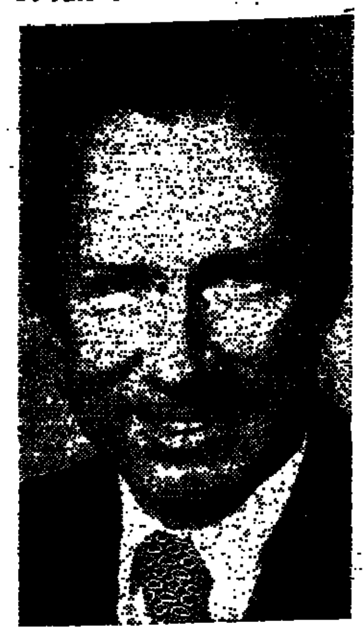
WELLS FARGO & COMPANY is as much a part of California's history as the gold rush and the overland stagecoach which the State's third largest bank still uses as its corporate symbol. Founded 127 years ago, the pioneering bank has for most of that time been identified with San Francisco, long recognised as the financial capital of the western U.S.

But times have changed, so has California, and so has Wells Fargo as it has prospected new territory in Los Angeles and throughout southern California. That is where two-thirds of the State's population of 22m now live and, to the chagrin of protectors of San Francisco provincialism, that city has given way to Los Angeles as the West's financial centre.

Last summer Mr. Richard Cooley, the 56-year-old chairman and chief executive of Wells Fargo, moved his office from San Francisco to Los Angeles. The shift is in line with north-south management structures at Wells' San Francisco-based competitors, Bank of America and Crocker Bank.

But there is a difference. At Bank of America, Mr. Chauncey Medberry, the chairman, has for years operated out of a Los Angeles office. But at his bank the chairman is the number two executive. The power rests with Mr. A. W. Clausen, president and chief executive, at global headquarters in San Francisco.

Crocker National, also an old-time California bank but which has also had high-powered eastern management at the controls over the past five years, has similarly set out aggressively to mine the lucrative southern California market. Mr. Thomas Wilcox, the chairman, evenly splits his time between offices in the two cities.



Mr. Richard Cooley: Into the southern trenches.

The significance of Mr. Cooley's move is that it puts Wells Fargo's top man in the trenches to direct the attack on southern California, where the bank's market share amounts to only about 4 per cent, compared with roughly 25 per cent of the banking business in northern California. Wells hopes to expand the southern state share to 11 or 12 per cent, according to Mr. James Dobey, who retired in June as the bank's chairman but who continues as a director.

The bank has operated in the southern half of the state only in the past 12 years, effecting its penetration through the acquisition of a small local bank.

"We were about 125 years late into southern California," says Mr. Dobey, "mainly because efforts to expand south were blocked by U.S. Justice Department regulations."

As Wells Fargo has striven to expand its California business, the pace of its international operations has slowed down. Although the bank intends to remain a major international lender, its overseas loan volume over the past year has not grown as rapidly as its domestic volume. The foreign loan volume has been held down by what Wells calls the "intense competition" among financial institutions overseas and the less favourable spreads and terms available from international loans.

Despite the international slowdown, Wells maintained a strong presence in overseas markets in 1978, with average loans and acceptances of the international banking group increasing by 12.8 per cent to $2.9bn.

A representative office was opened in Santiago, Chile, last year, bringing Wells Fargo's total representative offices to 17, and there were plans to open an office this year in Argentina.

International banking accounts for 18 per cent to 20 per cent of the company's assets and 15 per cent to 16 per cent of its profits, but the return on assets is still lower than for the rest of the company.

Wells Fargo recently filed a U.S. District Court suit for $18.2m in impounded Iranian funds to repay loans and guarantees made over the past several years, a legal formality putting the bank on record as claimants against the funds frozen by President Carter.

Wells Fargo's assets at the end of the third quarter topped $20bn for the first time. The bank opened its 373rd branch office in California and now has 109 branches in the southern part of the State.

NN forecasts another rise in profit

By Our Amsterdam Correspondent

THE DUTCH insurance group, Nationale-Nederlanden (NN), expects its 1979 net profit per share to be at least 10 per cent higher than in 1978. Total revenues rose by 17 per cent to about Fl 6.8bn ($3.6bn), it announced yesterday. Profit per Fl 10 nominal share was Fl 18.09 in 1978—an increase of 10 per cent. The revenue increase in 1978 was nine per cent.

Excluding the U.S. insurance company, Life of Georgia (LOG), which was acquired in June, NN revenue rose 10 per cent last year. International activities accounted for 40 per cent of total revenues.

RSV to close lossmaking unit

BY CHARLES BATCHELOR IN AMSTERDAM

THE TROUBLED Dutch shipbuilding group Rijn-Schelde-Verolme (RSV) is to shut its heavy components subsidiary RSV Zware Apparatenbouw. RSV said yesterday that it sees no prospects for the company, which was originally formed to build heavy equipment for nuclear power stations. When the Dutch Government decided to delay its nuclear power programme, the company concentrated on equipment for the petrochemical industry where demand is also depressed.

Apparatenbouw will complete the orders it already has, and will finally close in 1981. The workforce of 290 will be transferred to other parts of the RSV group.

The closure will lead to a write-off by the Dutch Government of at least Fl30m ($16m). The Government took a 50 per cent stake in Apparatenbouw in 1976 for Fl 1m, and provided Fl 29m in loans. RSV now proposes buying back the state share for a nominal Fl 1.

Apparatenbouw is part of RSV's loss-making industrial equipment division. It had already reduced capacity after a difficult year in 1978. Industrial equipment accounted for Fl 16.6m of RSV's total operating loss of Fl 77.8m in 1978. The division contributed Fl 230m to group sales of Fl 2.84bn ($1.5bn).

Apparatenbouw, which was originally known as Rotterdam Nuclear, suffered from the worldwide slowdown in the development of nuclear energy and from the Dutch Government's energy and foreign policies. The last government delayed a decision on three 1,000 MW nuclear power stations, while the present Government's programme is expected to be held up for at least another three years. The company also lost an order for nuclear equipment from South Africa to a French company.

RSV is at present carrying out a far-reaching reorganisation programme aimed at ending several years of losses. It has already cut back its large shipbuilding and offshore activities, and is streamlining its management structure.

Closure plans dropped by U.S. Steel

By Ian Hargreaves in New York

U.S. STEEL has withdrawn its plan to close two steel fabricating plants fololwing a vote by employees to accept a three-year wage package outside the framework of the normal steel industry bargaining structure.

The workers' decision reverses an earlier vote to resist the company's move to drive a wedge between fabrication and basic steelworkers. It was this vote which led the company to announce last month that two fabrication works at Ambridge and Schiffler, Pennsylvania would be shut down.

The closures would have been part of a string of economies being made at more than a dozen U.S. steel plants. The financial consequences of this write off, expected to be in excess of $500m, should be declared later this month.

U.S. Steel has already said that the move will mean the loss of 13,000 jobs and a financial loss for the year just completed.

Under the terms of its agreement with fabrication workers, U.S. Steel has agreed to fulfill cost of living payments already part of employees' contracts for the next three years and to allow fabrication men to benefit from some of the fringe provisions of a new basic steel contract due for negotiation in the next four months.

Firm undertone in Eurobond markets

By Nicholas Colchester

THE MAJOR sectors of the international bond market started the year very quietly. Switzerland remained closed and there was no clear trend in the D-Mark or dollar bond prices.

Dealers in London felt that the underlying tone in the dollar bond market appeared positive but said that there was too little trading for solid signs of this to emerge. On the one hand the gold price was soaring and the price of bonds in New York slipping. On the other, eurodollar interest rates were markedly easier, another major U.S. bank, Bankers Trust, joined the move down to a 15 cent prime rate, and the U.S. index of economic indicators had provided further evidence of a slowing in the U.S. economy. The 3-month euro-dollar rate closed 14⅞ down from 14 3/16 on Monday.

Prices in the D-Mark sector were up in very light trading but the sentiment in the market was said to be depressed by news of an unexpected bond issue for the Bundesbahn which is to raise in excess of DM 500 tomorrow. There are three bonds for foreign borrowers under preparation. Indicated terms were announced yesterday for an issue from Banque Francaise du Commerce Exterieur: the bond will be in two halves, each of DM 100m. A seven-year bullet tranche will carry a coupon of 7¾ per cent. A 15-year tranche with an average life of 11½ years will carry a coupon of 8¼ per cent. Dresdner Bank is the lead manager.

In addition, Commerzbank is organising a DM 150m private placement for Ireland with indicated terms due tomorrow, and Deutsche Bank a DM 200m issue for Norway. Details of the Norway issue should be announced some time next week —a maturity of five years is expected—but exact timing and terms are still subject to market conditions.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on January 2

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	90⅛	90⅝	−0⅛	−0⅛	11.71
Alex Howden XW 9½ 91	30	77	79	0	0	13.33
Australian Res. 9⅝ 84	30	91½	92	−0⅛	−0⅛	12.03
Avco O/S Cap. 10¾ 87	40	82⅞	83⅜	−0¼	−0¼	14.07
Beneficial Fin. 9¾ 87	100	90⅜	90⅞	−0¼	−0⅛	11.66
CECA Gr. Rate 10¾ 91	150	84⅜	84⅞	−0⅛	−0⅛	12.01
CECA 9¾ 89	125	†80⅞	81⅜	−0⅛	0	12.70
Canadian Pacific 9¼ 89	50	90	90½	0	−0⅛	11.48
Carter Hawley 9¾ 86	50	89¾	90¼	−0⅛	−0⅛	12.02
Comalco Inv. E. 10¾ 91	40	90⅝	91⅛	0	0	11.71
Continental Grp. 9⅝ 86	100	90⅜	90⅞	−0⅛	−0⅛	11.77
Dome Petroleum 10 94	50	89⅜	89⅞	0	0	11.48
Dominion Bridge 10¾ 84	30	95¼	95¾	+0⅛	0	11.56
Dow Chem. O/S 9⅝ 94	200	87¼	87¾	−0⅛	−0⅛	11.44
EIB 9⅞ 87	150	91⅞	92⅜	−0⅜	−0⅜	11.89
EIB 10 99	150	86⅞	87¼	−0⅞	−0⅜	12.09
EIB 10¼ 87	100	92⅛	92½	−0½	−0½	11.97
EIB 10.15 99	100	87⅞	88⅛	−0⅜	−0⅜	12.13
Export Dv. Cpn. 9¾ 84	100	92⅛	92⅝	+0⅛	+0⅛	11.64
Export Dv. Cpn. 9¾ 84	150	93¼	93¾	+0¼	+0⅛	11.60
Finland 9⅝ 89	100	88½	89⅛	0	0	11.92
GTE Finance 9½ 84	50	*92¾	93¼	0	0	11.70
GTE Finance 9⅝ 89	55	88⅝	89⅛	0	0	11.71
GMAC 9¼ 86	100	89⅛	89⅝	−0⅛	−0⅛	11.65
Gould Int. Fin. 9¾ 85	50	92½	93	0	0	11.68
Hudson Bay Co. 10 94	50	89⅞	90⅛	+0⅛	0	11.43
ITT Antilles 9½ 89	75	86½	87	+0⅛	0	11.91
Kennecott Int. 9½ 86	100	87¼	87¾	0	0⅛	12.42
Manitoba 9½ 89	75	87⅜	87⅞	−0⅛	−0¼	11.76
Michelin 10 94	125	88⅛	88⅝	−0⅛	0	11.66
Nat. Des. Telecm. 9½ 86	100	[illegible]½	91	+0⅛	0	11.58
New Brunswick 9¾ 94	75	86¼	86¾	−0⅛	−0⅛	11.74
Newfoundland 10 94	50	90⅜	90⅞	0	0	11.37
Norges Komm. 9⅞ 99	100	86⅞	87⅜	−0½	−0½	11.91
Norway 9½ 84	150	93	93½	+0⅛	+0⅛	11.53
Nova Scotia Pwr. 9¾ 89	60	88⅜	88⅞	−0⅛	−0⅛	11.85
Occidental Fin. 10¾ 84	50	94⅜	94⅞	+0⅛	+0⅛	11.84
Orient Leasing 9½ 86	25	†88¼	88¾	0	0	12.13
Pennwalt O/S F. 9¾ 84	25	92⅜	92⅞	0	0	11.96
Pepsico Cap. 9⅝ 84	100	93	93½	+0⅛	0	11.35
Quebec Hydro 10 99	75	87	87½	0	0	11.67
Sears Roebuck 9 82	150	94⅜	94⅞	+0⅛	+0⅛	12.06
Statoil 9⅞ 89	100	89⅜	89⅞	+0⅛	0	11.44
Sweden 9⅜ 89	100	89⅜	89⅞	+0⅛	0	11.63
Sweden 9½ 86	200	91½	92¼	0	−0⅛	11.86
Sweden 9¾ 84	100	93	93½	+0⅛	+0⅛	11.69
Unilever NV 9¾ 87	100	88⅜	88⅞	0	0	11.57
Warner-Lambert 9 84	100	91	91½	0	0	11.57

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 8 87	100	98	98½	+0⅛	+0⅛	8.30
Argentina 7½ 89	150	94⅜	94⅞	+0⅜	+0½	8.36
Asian Dev. Bk. 7¼ 89	100	94¾	95¼	+0⅛	+0¼	7.99
Banco Desarrollo 7½ 86	100	94½	94⅞	0	+0¼	8.42
Barclays O'seas 6¾ 89	100	95⅝	96⅛	+0¼	+0¼	7.37
Brazil 8 87	150	96⅞	97⅜	−0½	−0½	8.49
CECA 7 91	150	94½	95	+0⅛	+0½	7.72
Council of Eur. 7¾ 89	100	96⅜	97⅛	0	0	7.74
EEC 7½ 94	225	98⅝	99⅛	+0⅛	+0⅛	7.98
EIB 7½ 89	200	98⅞	98⅞	−1	−0⅞	7.72
Eletrobras-Brazil 7 87	100	92	93	−0¼	−1	8.45
Eurofima 6½ 89	100	95⅞	96⅛	0	−0⅛	7.07
Kobe, City of 7¼ 89	150	97½	98	+0⅛	+0⅛	7.45
Mitsubishi Chem. 6½ 84	70	97⅜	97⅞	+1	+1	7.18
Neder. Gasunie 8 86	100	103⅜	103⅞	0	0	7.31
New Zealand 7½ 87	200	98⅜	98⅞	−0⅛	−0¼	7.38
Nippon Kokan 6½ 84	100	95½	96¼	0	−0½	7.66
Nippon Tel. & T. 5½ 87	100	89⅞	90⅜	+0⅛	+0½	7.41
Norges Komm. 7¾ 91	150	101⅜	101⅞	+0⅛	+0⅛	7.54
Norges Komm. 8¾ 94	150	102	102½	+0⅛	+0½	7.99
Norway 6¾ 84	200	98	98½	+0⅞	+0⅛	6.69
OKB 6 87	40	90½	91½	+1	+1	7.69
OKB 7¾ 89	100	97⅝	98⅛	−0⅛	+0⅛	7.69
Tokyo Elec. Pwr. 6½ 85	200	95½	96⅛	+0⅛	+0⅛	7.45
World Bank 7¾ 91	400	98⅞	99⅛	−0⅛	+0⅛	7.91

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	*96⅜	96⅞	0	+1⅛	5.99
Aumar 5 89	60	*94	94½	0	+0⅞	5.80
Australia 3¾ 89	250	*90⅞	91⅛	0	+0⅜	4.85
Bergen, City of 4¾ 91	40	*96½	97	+0¼	0	5.13
BNDE 5 88	75	*89¾	90	0	0	6.45
BMW Overseas 4¾ 91	100	*96⅛	96⅜	+0¼	+0⅜	4.64
Caisse Nat. Tele. 4¾ 89	100	*97	97½	0	−0⅛	4.73
Canada 3¾ 89	300	*92	92¼	0	+1⅛	4.70
Copenhagen 4½ 91	80	*94⅝	95	0	+0⅜	5.09
Council of Eur. 5 89	100	*†97	97⅜	−0⅛	−0⅛	5.38
EIB 4½ 91	100	*91	91⅜	0	+0⅛	5.56
EIB 4⅝ 94	100	*88½	89	0	+1⅛	5.51
Elet. de France 4¾ 89	100	*97⅜	98	0	+0¼	4.65
GZB 4½ 89	100	*93⅛	93⅝	0	−0⅛	5.14
Hitl 4½ 91	35	*97½	98½	0	−0⅛	4.47
ICI Fin. NV 3½ 94	230	*80⅜	81	0	−0⅛	4.47
Int.-Amer. Dev. 4½ 89	100	*91⅝	92	0	+0½	5.47
Malaysia 5 89	80	*91	91¾	0	−0⅛	5.91
Nippon Tel. & T. 4¾ 89	100	*96	96½	0	0	6.24
Nordic Bank 5 89	45	*100⅛	100⅜	0	0	4.74
Norges Komm. 4¾ 91	100	*94⅞	95⅛	0	+0⅛	4.96
OKB 3¾ 91	100	*85⅛	85⅞	0	+2⅛	4.93
OKB 4¾ 91	100	*90½	90⅞	0	+0⅛	5.48
Oslo, City of 4¾ 91	100	*90½	90⅞	0	−0⅛	5.47
Shikoku El. Pwr. 4¾ 89	100	*98⅛	98½	0	−0⅞	5.47
Spain 4 91	100	*88⅛	88⅝	0	+0⅛	4.96
Staweag 4¾ 91	60	*96⅛	96½	0	−2⅛	5.36
Voest-Alpine 4¾ 89	90	*97¼	97½	0	−0⅛	5.14
World Bank 4¾ 89	100	*97½	97⅞	0	+0⅜	5.10
World Bank 4¾ 89	150	*95	96	0	+0⅛	4.94
World Bank 4¾ 91	100	*93½	93¾	0	+1⅛	4.97

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	89⅜	90⅛	0	0	8.93
Australia 6½ 88	20	84⅛	85⅛	0	0	9.20
EIB 7¾ 89	12	98	99	+0⅛	+0⅛	7.97
Finland 5.6 83	10	88⅜	89⅜	+0⅛	+0⅛	9.06
Finland 6.8 88	10	88	89	−0⅛	−0⅛	8.86

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Avco Fin. 10¾ 86 C$	25	88⅛	88⅝	+0¼	+0½	12.98
Bell Canada 10⅜ 86 C$	60	93⅛	93⅝	0	+0¼	12.19
Cr. Foncier 10¾ 84 C$	30	90⅝	91⅛	+0⅛	+0⅛	13.05
Ex. Dev. Cpn. 10 84 C$	50	92⅜	92⅞	+0¼	+0¼	12.24
Fst. Can. Inv. 10 84 C$	50	91¼	91¾	+0⅛	+0⅛	12.60
Hudson Bay 10½ 89 C$	60	90⅛	90⅝	+0⅛	+0⅛	12.27
Quebec 10¾ 86 C$	50	91⅛	91⅝	+0¼	+0½	12.24
R. Bk. Canada 10 86 C$	40	91⅞	92⅜	−0⅛	0	11.74
R. Bk. Canada 10 94 C$	40	85⅜	85⅞	−0⅛	−0⅛	12.14
Copenhagen 8¾ 91 EUA	25	†91½	93	+0⅛	+0⅛	9.37
Copenhagen 8¾ 91 EUA	20	†98⅜	99⅜	−0⅞	−0⅞	8.84
SOFTE 8¾ 89 EUA	40	†88½	90	−0⅛	−0⅛	10.07
Algemene Bk. 8¾ 84 Fl	75	97¼	97¾	+0½	+0⅛	8.94
Amev 8½ 86 Fl	75	97⅞	98⅜	+0⅛	+0⅛	8.87
Ned. Middbk. 8¾ 84 Fl	75	96⅜	96⅞	+0⅞	+0⅛	9.23
Norway 8¾ 84 Fl	100	95⅜	95⅞	0	0	9.43
Norway 8¾ 84 Fl	100	96	96½	0	−0⅛	9.24
Rabobank 9 84 Fl	25	100⅜	100⅞	+0⅛	+0½	8.92
Air France 11 84 FFr	120	97⅞	98⅜	−0⅞	−1⅛	11.58
Euratom 9¾ 87 FFr	150	85⅞	86½	−0¼	−0⅛	12.75
Finland 11 84 FFr	80	95⅜	96⅛	−0⅛	−0⅛	12.16
Finland 11½ 89 FFr	70	94⅝	95⅛	−0½	−0½	12.44
Gaz de France 11 84 FFr	150	97⅛	98⅛	−0⅛	−0⅛	11.65
Norway 9¾ 84 FFr	200	89½	90½	0	0	12.47
Renault 9¾ 85 FFr	100	88⅞	89⅞	0	0	12.49
Saint-Gobain 9¾ 86 FFr	130	85½	86½	0	0	13.09
Solvay et Cie 9¾ 87 FFr	125	83⅞	84⅞	−0⅞	−0⅞	13.37
Total Oil 9¾ 87 FFr	150	82⅞	83⅞	−0⅛	−0⅛	13.05
EIB 11½ 91 £	25	87⅜	87⅞	+0⅛	0	13.69
Finance for Ind. 13 91 £	15	95⅜	95⅞	+0⅛	−0⅛	13.79
Fin. for Ind. 12½ 89 £	30	92⅛	93	+0⅛	0	13.91
Gen. Elec. Co. 12½ 89 £	50	92⅜	92⅞	+0⅛	+0⅛	13.94
Indonesia 8¾ 91 KD	7	†93½	94	0	0	9.66
Mitsubishi 7½ 84 KD	10	†95⅜	95⅞	0	0	8.68
Norges Kom. 7½ 89 KD	12	†93⅜	93⅞	0	0	8.50
Occidental 8¾ 91 KD	7	†90⅜	90⅞	0	0	9.65
Akzo 9¾ 87 LuxFr	500	†94⅜	95⅜	−0⅛	−0⅛	10.15
Euratom 8 87 LuxFr	500	90½	91⅜	+0⅛	+0⅛	9.73
Oslo, City of 8 89 LuxFr	500	89⅜	90⅜	−0⅛	−0⅛	9.82
Volvo 9¾ 87 LuxFr	500	98⅜	99⅜	+0⅛	+0⅛	9.98

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Banco di Roma Int. 6 87	0¾	99⅝	100⅛	26/4	15⅝	15.77
Banco Prov. BA 7¾ 86	0¾	96⅜	97¼	5/6	14½	14.95
Banco Urquijo 6 86	0¾	97½	97⅞	21/3	13½	13.74
Bank of Ireland 5¾ 89	‡0¾	97	97½	21/2	15.69	16.13
Bank of Tokyo 5¾ 89	‡0¾	98⅛	98⅝	25/1	16.19	16.46
Bergen Bk. A/S 6 89	‡0¾	96	96½	29/2	14.31	14.87
Bque. Indo Suez 5¾ 89	0¾	98	98½	11/1	11	11.20
BNP 5½ 91	0¾	96⅞	97⅜	22/2	11.94	12.29
Citicorp O/S F. 6 94	‡0¾	98⅜	98⅞	8/3	14.44	14.60
Citicorp O/S F. 83	§‡0	99⅛	99⅝	23/2	15⅛	15.20
Citicorp O/S F. 84	‡0	98⅞	99⅜	29/2	13⅝	13.75
Co-operative Bk. 6 86	0¾	97⅞	98⅜	15/5	15.06	15.35
Creditanstalt 5½ 91	§‡0¾	97⅜	98⅛	14/3	14⅞	15.18
CNT 5¾ 86	§0¾	99⅛	99⅝	16/4	15.19	15.28
GZB 5½ 89	‡0¾	98⅜	99⅛	1/2	16.19	16.35
Jugobanka 8 89	0¾	94⅞	95⅜	23/5	16	16.80
Ind. Bank Japan 5¾ 87	0¾	97	97½	15/4	14⅛	14.65
LTCB Japan 5¾ 86	0¾	97⅝	98⅛	13/6	14⅛	14.56
LTCB Japan 5½ 89	0¾	97¾	98	7/6	14.19	14.51
Mfrs. Han. O/S 5¾ 94	‡0¾	98⅜	98⅞	29/2	13.81	14.01
Nacional Fin. 6¾ 86	0¾	97	97½	25/1	11½	11.83
Nat. West. 5¾ 94	§0¾	97½	98	11/1	14.94	15.28
Nippon Cred. Bk. 6½ 86	0¾	96⅞	97⅜	12/1	10⅞	11.20
Royal Bk. Scot. 5¾ 94	§‡0¾	98⅜	98⅞	11/1	14.94	15.17
Soc. C. de Bque. 6½ 87	0¾	96⅛	96⅝	3/4	13⅛	13.73
Sogenal 5¾ 89	§0¾	96⅛	96⅝	11/1	10.81	11.20
Sweden 8¾ 91	‡0¾	97⅜	97⅞	18/1	15	15.36
TVO Pwr. 9 91 (D-lock)	0¾	97⅜	97⅞	24/5	15.31	15.69
Utd. Overseas Bk. 6 89	‡0¾	97	97½	29/12	12.94	13.31
Williams & Glyn 5¾ 91	0¾	96⅜	97⅛	14/3	13	13.42
Bq. E. d'Alg. 4½ 89 SF	0½	†96	96⅛	18/6	6.69	6.96

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Akt'bolag 7¾ 89	10/79	146	†97½	98½	+0½	−9.79
Alco Int. Fin. 9½ 94	1/80	40	91½	92⅛	−0⅞	14.25
Asahi Optical 7 94	11/79	505	92	93	+1⅛	2.37
Canon 6¾ 94	8/79	570	104	105	+2⅛	−3.52
Ciba-Geigy O/S F. 4 94	9/79	675	88	89	+0⅞	−2.52
Credit Suisse 4¾ 93	10/79	1325	106	107½	−0⅛	−1.94
Daiei Inc. 6½ 94	11/79	1020	†96⅛	97⅛	+1⅛	5.12
Esselte 7¾ 89	9/79	159	†93	94½	+0⅛	−5.15
Honda Motor 6½ 89	5/79	532	104½	106	+1⅞	−3.51
LPC Internatnl. 8 89	9/79	35	101	102⅛	+1⅛	6.18
Meidensha Elec. 7 94	12/79	210	*†95	96	0	21.02
Mitsubishi Cp. 6½ 94	10/78	604	126	127	−3⅛	8.33
Nippon Seiko 7¾ 94	12/79	339	†91	92	+1⅛	1.09
Nitto Elec. Ind. 6 94	7/79	735	†86⅛	87⅛	0	15.67
Toshiba Cpn. 7¾ 94	10/79	198	97⅛	98⅛	+2	7.06
Union Bk. Switz. 5 89	2/80	125	109⅛	110⅛	−0⅛	7.84
Fujitsu 6 84 DM	7/79	475	100⅞	101⅞	+0⅛	14.41
Kansai Elec. 4 84 DM	4/79	1234	86⅛	87⅛	+0⅛	52.71
Tokyu Ld. Cp. 4 86 DM	4/79	493	79⅞	80⅛	−0⅛	55.00
Uny Co. 6¾ 85 DM	11/79	1071	98⅛	99⅛	−0⅛	24.26

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Nampak in cash offer for control of Premier Paper

BY JIM JONES IN JOHANNESBURG

FOLLOWING BETTER than expected results for the year to end-September, 1979, Nampak, the 55 per cent-owned paper and packaging subsidiary of Barlow Rand, plans to further increase its penetration of the highly competitive South African paper products market.

Nampak plans to acquire majority control of the paper tissue manufacturer and distributor Premier Paper, provided that Premier completes the already agreed sale of its 19 per cent investment in Hunyani Pulp and Paper Industries to its 60 per cent controlling parent African Finance Corporation for R2.07m cash payable in South Africa.

Once that arrangement is complete, Nampak with a turnover of R240m, is to offer 700 cents per share cash for 51 per cent of Premier's ordinary shares, and 196 cents cash for 51 per cent of Premier's 11.3 per cent convertible cumulative preference shares. That is equivalent to a R7.2m price tag for 51 per cent of the R25m turnover Premier Paper.

From African Finance Corporation's point of view, the purchase of Premier's 19 per cent interest in Hunyani at an effective price of 44 cents could eventually result in an important capital profit. On the Salisbury stock exchange, Hunyani shares are currently quoted at 162 Rhodesian cents, equivalent to 198 cents in South African currency. To pre-empt any objections to the sale by Premier shareholders, African Finance is to offer Hunyani shares from its own holdings to Premier shareholders at the 44 cents it will pay Premier.

African Finance has agreed to sell 51 per cent of its investment in Premier to Nampak and has guaranteed to sell sufficient additional shares to top up Nampak's eventual stake to 51 per cent should some minorities reject the offer.

Israel Discount Bank rights

BY L. DANIEL IN TEL AVIV

ISRAEL DISCOUNT BANK Bankholding Corporation (IDBH), which owns 93 per cent of the Israel Discount Bank, has submitted a prospectus to the securities authority covering a rights issue, an issue to the public, and an offer to its employees, designed to raise I£650m ($18.37m). The rights issue will be in the form of 889,995 units, each comprising four 'B' shares of I£20 nominal value and one 'series 7' option, entitling the holder to acquire one ordinary share of I£20 nominal value. The offer is to apply to holders of not only all types of shares, but also of capital notes and of options of 'series 4, 5 and 6' and of 5 per cent, 'series AA' capital notes of the Bank.

The offer to the public will be of 575,000 units, of similar composition as those to current shareholders. Prices will be announced when the prospectus is published. Most of the proceeds of the issue are to be used to increase the capital of the bank.

The bank itself intends to make a rights issue to holders of ordinary 'A' shares of I£10 nominal value in the proportion of one for every five ordinary or ordinary 'A' shares held.

IDBH's balance-sheet total at June 30, 1979, was I£171.7bn, compared with I£119.8bn on December 31, 1978—a growth of 86.6 per cent. Its net profit in the first six months of 1979 came to I£555m, against I£297m in the same period of 1978. Net profit per ordinary share in the half-year to June, 1979, came to I£8.89 against I£5.34 in the first half of 1978.

Once IDBH's new issue has been placed, its capital base will reach I£6bn.

Cathay Organisation stake for Malaysia

BY WONG SULONG IN KUALA LUMPUR

PERMODALAN NASIONAL Berhad, the investment arm of the government-sponsored Bumiputra Investment Foundation, has bought 30 per cent of Cathay Organisation (M), one of the biggest film distributors and cinema operators in Malaysia.

Permodalan Nasional paid 11.6m ringgit ($5.3m) for the 5.28m shares, making it the second biggest shareholder in Cathay.

The move by Permodalan Nasional was in line with the government's new economic policy and was made possible mainly because the Rank Organisation sold out its entire 24 per cent interest in Cathay's Malaysian operations.

The film and cinema industry in Malaysia has long been dominated by the Shaw Brothers and Cathay Organisation—both Chinese controlled groups—and the purchase by Pefmodalan Nasional now gives Malaysians a bigger voice in the industry.

Cathay Organisation (M), which has 11 subsidiaries in Malaysia, recorded sales of 30m ringgit last year and pre-tax profits of 7m ringgit.

SWISS CANTONAL BANKS

The locals go universal

BY JOHN WICKS IN ZURICH

SWITZERLAND'S 29 cantonal banks are unfolding their wings. More and more, their clients are demanding from them full service facilities outside the traditional mortgage and savings book operations. At the same time, the nationwide big banks are showing increasing interest in competing against the cantonal institutions for domestic business. Like it or not, the members of the Verband Schweizerischer Kantonalbanken are having to diversify their activities in the direction of universal banking.

Switzerlands cantonal banks feel that their main duty is to serve the regional economy, but other business is expanding and the Association Verband Schweizerischer Kantonalbanken is considered a suitable instrument by which the banks can come out of their federalist reserve in the increasingly hard fight for market shares

The cantonal banks have always had an important place in Switzerland's financial structure. At the end of September, their combined assets were SwFr 92.67bn ($57.92bn), or over 28 per cent of the balance sheet total for the entire reporting banking system. Nearly SwFr 50bn ($31.25bn) was accounted for by mortgage business, while the liabilities side of the balance shows about SwFr 52.7bn ($32.93bn) — or some SwFr 8,300 per inhabitant —in savings, deposit accounts and cash bonds.

The whole country is served by a network of 1,276 branches with a total staff of 11,700. The biggest of the cantonal institutions are among the major banks of the country in asset terms. The Zuercher Kantonalbank, for example, has a balance sheet total surpassed only by the "Big Three" commercial banks, while four others are each bigger than Bank Leu—the fifth of the "big five."

Switzerland being Switzerland, the character of a cantonal bank tends to differ considerably from place to place. Most of them are backed by a full liability guarantee of the cantonal government—but this does not apply for four of the western Swiss institutions.

Most are "State banks," with their capital provided by the canton—but four of them are joint stock companies in which the canton holds only part of the capital, while one is in the hands of the communes and another a public foundation.

Most cantons have only one cantonal bank—but Berne, Vaud and Geneva each have two. Some, but not all, are partly or come out of their federalist wholly freed from cantonal tax liability but have to pay the canton a return on capital stock.

By the same token, the cantonal banks do not standardise services, interest rates and the like to form a centrally organised block within Swiss banking. The Basle-based Association Verband Schweizerischer Kantonalbanken sees itself as a mini-confederation and not as a sort of "Big Bank," said its director, Dr. Urs Rohde, at a presentation in Zurich last month. However, the members of the Verband neither try to undercut one another to win custom nor do they poach business outside their own areas. Also, Dr. Rohde points out significantly, the body is considered a suitable instrument by which the cantonal banks "can reserve in the increasingly hard fight for market shares."

Already the cantonal banks have various common institutions of their own. The oldest of these is the Issue Syndicate, formed in 1907 for public bond issues. Last year, this body participated in almost 100 domestic and foreign issues with a total value of over SwFr 5bn ($3.12bn), some two-fifths of this volume being placed by the member banks with their clients.

The syndicate also took part in about the same number of private placements and foreign-currency loans in 1978.

In 1931, the cantonal banks set up the mortgage bond centre, the so-called Pfandbriefzentrale, for the capital market issue of such paper. The proceeds of the issues, which in 1979 alone amounted to SwFr 555m ($346.87m) are passed on to member banks who pledge part of their mortgage loans against them.

The newest departure, made necessary by the difficult exchange rate, is the export credit syndicate formed last year by 23 of the member banks and today having a [illegible] volume of Sw Fr 600m ($375m). This provides the [illegible] of service for which small businesses feel the cantonal banks should be doing more.

The banks themselves, much as they realise their duty to their own canton, have to operate profitably. Generally speaking, they are simply not in a position to grant more favourable conditions than other banks—despite all indignant local calls for special treatment. What can happen where excessive solidarity wins the day was shown recently by the substantial losses of the tiny Nidwaldner Kantonalbank, resulting from over-benevolent support for local loss-making companies.

Cantonal banks feel that their main duty is to serve the regional economy, but other business, as [illegible] it may have [illegible] peripheral. Nevertheless, such operations are definitely expanding. One future addition to the banks activities will begin early in the New Year, when a first notes issue will be carried out by the syndicate.

In general, actual foreign exposure — currently equal to only 3 per cent of cantonal banks' assets and 2½ per cent of their liabilities—will stay small, not least in view of ceilings laid down for engagements of this kind by some banks and cantonal governments. The Zurich cantonal bank and that of Berne work to what seems to be a fairly typical 5 per cent maximum balance sheet share.

As far as the corporate form of the banks is concerned, the formation of the Banque Cantonale du Jura following the recent secession of this region from Berne has led to not a little rethinking. On the advice of the Verband, the Jura Government set up the bank as a joint stock company: while all the shares are initially held by the Canton, it is intended to offer 49 per cent of the capital to the public. The "societe anonyme" is not unknown among cantonal banks — the two Vaudois institutes and that of Zug are joint stock companies—but the Jura move has sent ripples through the country.

Thus, the Government of Canton Grisons has approved in principle the issue of participation certificates (non-voting shares): a move already undertaken by one of the Geneva institutes. The Kantonalbank von Bern is considering the issue of such certificates and a number of others. Among them the Aargausche [illegible] is also looking at the whole question of capital ownership. In the semi-canton of Nidwalden, the Liberal Party has just tried—albeit without success—to have the loss-ridden cantonal bank there partially denationalised.

VONTOBEL EUROBOND INDICES
14.5.76=100%

PRICE INDEX	18.12.79	28.12.79	AVERAGE YIELD	18.12.79	28.12.79
DM Bonds	97.80	97.75	DM Bonds	7.800	7.777
HFL Bonds & Notes	93.90	93.65	HFL Bonds & Notes	9.568	9.596
U.S. $ Strt. Bonds	88.59	88.57	U.S. $ Strt. Bonds	11.104	11.105
Can. Dollar Bonds	89.74	89.35	Can. Dollar Bonds	11.822	11.881

Early Wall St. decline of 5.2

HEIGHTENED Mid-East tensions, together with a further advance in gold and silver prices, caused Wall Street to decline yesterday morning in active trading.

The Dow Jones Industrial Average receded 5.21 to 833.53 at 1 pm, while the NYSE All Common Index lost 43 cents to $61.52 and declines led gains by an eight-to-five margin. Turnover expanded to 25.35m shares, up from Monday's 1 pm level of 20.94m.

Analysts tied the fresh rise in precious metals prices to the developments in Afghanistan. President Carter said the U.S. and its allies would make a stronger response to Soviet military action in Afghanistan.

The pressure on the dollar, analysts added, made it unlikely interest rates could recede much, although Bankers Trust joined Citibank and First National Chicago by cutting its Prime Rate one quarter of a point to 15 per cent.

Gold Bullion rose about $35 in London and was quoted $9 higher than that in New York at $568 bid. Spot silver contracts were up.

Gold and Silver Mining shares, however, strengthened on the surging prices of the metals. Dome Mines climbed 4½ to $55¼, Homestake 3⅞ to $54⅞, ASA 4¼ to $45. Engelhard Minerals 2⅜ to $34¼, adjusted for a stock split, Callaghan Mining 5 to $38⅞ and Handy and Harman 2½ to $40⅞.

Other Mining shares were also firm. Phelps Dodge rose 1⅞ to $32⅞, Asarco 2⅜ to $39⅞, Amax 1⅞ to $47½ and Newmont Mining 1¾ to $41⅞. Copper producers have raised their prices.

Active Eastman Kodak fell 2⅞ to $46⅛. Analysts said rising silver prices were behind the fall. Kodak uses silver in the production of film.

THE AMERICAN SE Market Value Index shed 0.52 to 246.55 at 1 pm. Volume 4.77m shares (4.04m).

Closing prices for North America were not available for this edition.

Canada

Gold and other Mining issues shot further ahead on the soaring metal prices, but Canadian markets otherwise showed a downward tendency in heavy early dealings yesterday. The Toronto Composite Index rose 11.8 to 1,825.0 at noon, reflecting a jump of 233.4 to 2,889.7 by the Gold shares index and a gain of 67.4 to 1,836.4 by the Metals and Minerals index. In contrast, Oils and Gas receded 12.6 to 3,732.5, while in Montreal, Banks declined 0.64 to 311.23.

Australia

Markets made a brilliant start to the new trading year yesterday, stocks scoring widespread gains but with buying centred on energy, gold, silver and some diamond stocks. The Sydney All Ordinaries index climbed 20.0 to a fresh all-time high of 760.0 and the Metals and Minerals index rose 177.33 to 4712.63.

Concern over world energy supplies and the Middle East situation, coupled with the Australian crude oil parity price increase pushed resource stocks sharply higher. Woodside Petroleum rose 10 cents to A$2.32 and Ampol Exploration 13 cents to A$2.35.

BHP, following a strong rise in London on New Year's Eve, jumped 90 cents to A$12.10. Main factor behind the buying was news that BHP and its partner, Esso, intend to spend A$240m in 1980 bringing new oil pools on stream and upgrading facilities on shore.

Reflecting its coal and shale oil interests, CSR forged ahead 30 cents to A$5.12. With the CSR bid declared free of minimum acceptance conditions, Coal issue Thiess kept in step with CSR and gained 30 cents to A$7.40.

Sharply higher world bullion prices pushed Central Norseman Gold up 30 cents to A$5.90, Poseidon 15 cents higher to A$2.40 and GMK 25 cents ahead to A$3.95. With silver prices also surging, MIM rose 38 cents to A$4.50. Elsewhere among Minings, Western Mining put on 10 cents to A$3.60, Hamersley 8 cents to A$3.40 and Bougainville Copper 10 cents to A$2.70.

The Ashton diamond venture partners shot further ahead in front of the December quarter's progress report, expected on January 10. CRA added 41 cents at A$5.36, Ashton Mining 19 cents at A$3.24 and Northern Mining 10 cents at A$3.30.

Uraniums lagged behind unless they had other minerals in their product mix, as in the case of Peko-Wallsend, 16 cents higher at A$8.56, and Pancontinental, 40 cents up at A$6.40.

Among Industrials, Herald put on 14 cents to A$3.65, Thomas Nationwide 8 cents to A$1.91 and

Paris

Reflecting investor worries over the deteriorating international situation, stock prices fell across the board in very active dealings.

Market watchers said many operators had attempted to switch funds arising from the sale of their securities into gold. The resulting flood of buying orders and the lack of selling orders resulted in the Paris stockbrokers' Commission ordering a suspension of trading in the Gold market.

Steel and Shipbuilding concern Metallurgique Navale Dunkerque fell 13 per cent. Closing more than 8 per cent below their levels of Friday were Union Francais de Banques (off 11 per cent), Institut Merieux, Codetel, Prenatal and Fraissinet.

Germany

Most shares retreated in light trading, still limited by holiday influences. The Commerzbank index declined 7.7 to 708.0.

Traders said factors depressing the stock market included relatively tight credit, the soaring price of gold and the world political situation.

Selling in thin markets resulted in some sharp falls. In Electricals, Brown Boveri lost DM 13.80, while Chemicals and Construction Materials concern Ruetgerswerke receded DM 12.

Deutsche Bank fell DM 4, while in Motors, Volkswagen shed DM 3.50.

On the Domestic Bond market, Public Authority loans lost up to 40 pfenigs but showed some gains extending to 20 pfenigs. The Bundesbank bought a nominal DM 500,000 of paper after sales of DM 2.9m last Friday. Mark-denominated Foreign Loans were steady.

Hong Kong

The market remained buoyant in another heavy business. The Hang Seng index advanced a further 9.75 to a new six-and-a-half-year high of 889.13, following Monday's jump of 27 points. Turnover on the four exchanges amounted to HK$369.2m, against the half-day session total of HK$225.89m on New Year's Eve.

Attracting the most attention were Hong Kong Land, which rose 40 cents to HK$14.20 amid market talk of an imminent announcement which might concern the sale of its Star House property.

Honk Kong Bank put on 20 cents to HK$19.50, Hong Kong Wharf HK$1.00 to HK$75.00 and Swire Pacific 'A' 15 cents to HK$9.65, but Jardine Matheson shed 20 cents to HK$17.00.

Among gUtilities, Hong Kong Electric added 25 cents at HK$6.40 and China Light at 50 cents at HK$22.20, but Hong Kong Gas lost 50 cents to HK$30.50.

Johannesburg

Gold shares advanced to close at the day's best levels following the Bullion upsurge to a new record London morning fixing. Heavier-priced issues gained as much as 350 cents, as in the case of Vaal Reefs, at R73.80, while Western Deep rose 175 cents to R41.75.

Anglos moved ahead 240 cents to R17.00 on strong local ad Overseas demand, while Diamond leader De Beers attracted U.S. interest and added 55 cents at R11.30. Platinum shares advanced.

Tokyo

Japanese and most Swiss markets remained closed yesterday for New Year holidays.

NEW YORK

Stock	Dec. 31	Dec. 28
Clark Equipment	38⅜	38
Cleve Cliffs Iron	33¼	32½
Clorox	10¼	10¼
Cluett Peaby	9¾	9½
Coca Cola	34⅝	34½
Coca Btl. NY.	6	5¾
Colgate Palm	14½	14½
Collins Aikman	8⅛	7⅞
Colt Inds	43⅞	43⅝
Getty Oil	73¾	73¾
Giddings Lewis	26⅞	26¾
Gillette	26⅜	26¼
Global Marine	41½	41½
Goodrich (BF)	19⅝	18⅞
Goodyear Tire	12⅞	12⅞
Gould	23¼	23¼
Grace	40½	40
Grainger (WW)	37⅝	37¼
McLean Truckg	13¼	13¾
Mead	24¾	24⅝
Media Genl	26	25¾
Mellon Natl	27¾	27¾
Melville	27½	27⅛
Memorex	17⅞	17¾
Mercantile Strs	38	38¼
Merck	72½	73⅛
Meredith	35⅛	35¼
Merrill Lynch	19¼	19¼
Safeway Stores	35¼	34½
St. Joe Minls	35⅛	35⅝
St. Louis-San F	55¼	55¼
St. Paul Cos.	40¾	40⅞
St. Regis Paper	30¼	30⅝
Santa Fe Inds	52	52⅜
Santa Fe Intl	34⅝	34⅝
Saul Invest	7¼	7⅜
Saxon Inds	8⅞	8⅝
Schering Plo	30⅝	30½
Winnebago	2⅛	2⅛
Wisc Elec Power	22⅞	23⅛
Woolworth	25⅛	25
Wrigley	75½	75½
Wyly	5	5
Xerox	62⅛	62¼
Yellow Frt Sys	14½	14½
Zapata	28½	28⅜
Zenith Radio	9¾	10
U.S. Trs 4% 1980	99⅞	99⅞

CANADA

Stock	Dec. 31	Dec. 28
Abitibi	19⅛	19¼
Agnico Eagle	11¼	10¾
Alcan Alumn	54⅝	54⅛
Algoma Steel	30⅝	30¼
Asbestos	37¼	36½
Bk Montreal	26	25¼

BELGIUM (continued)

Jan. 2	Price Frs.	+ or −
Petrofina	5,520	−20
Royale Belge	5,600	−160
Soc Gen Banq	2,885	−15
Soc Gen Belge	1,610	−20
Sofina	3,290	−105
Solvay	2,390	−60
Traction Elect	2,525	−100

HOLLAND

Jan. 2	Price Fls.	+ or −
ACF Holding	79	−1
Ahold	85	+4.5
AKZO	23.3	−0.5
ABN	315	−7
AMEV	100.8	+0.8
AMRO	66	−1.3

AUSTRALIA

Jan. 2	Price Aust. $	+ or −
ANZ Group	4.02	+0.01
Acrow Aust	1.05	......
Allstate Expl	0.72	+0.11
Amsp Pet	1.09	......
Ast. Pulp Pap	2.15	+0.05
Audimco	0.26	......
Aust Cons Ind	2.05	+0.01

JAPAN (continued)

Dec. 28	Price Yen	+ or −
Makita	1,190	+80
Marubeni	380	+22
Marudai	666	−13
Marui	800	+15
Matsushita	728	−6
M'ta Elec Works	574	+16
M'bishi Bank	370	+6

Indices

NEW YORK—DOW JONES

	Dec. 31	Dec. 28	Dec. 27	Dec. 26	Dec. 24	Dec. 21	1979 High	1979 Low	Since Compil'tn High	Since Compil'tn Low
◆ Industr'ls	838.74	838.91	840.10	838.14	839.16	838.91	897.61 (5/10)	796.67 (7/11)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	75.55	75.85	75.99	75.78	74.44	74.81	86.10 (15/8)	75.35 (31/12)	—	—
Transport.	252.39	255.26	252.87	252.87	253.94	254.53	271.77 (15/8)	205.78 (27/2)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities.	106.60	107.04	107.61	107.65	107.61	107.54	109.74 (17/12)	98.24 (24/10)	163.32 (20/4/69)	10.52 (28/4/42)
TradingVol 000's	31,890	34,510	31,540	25,040	19,180	36,290	—	—	—	—

◆Day's high 843.17 low 834.39

Ind. div. yield %	Dec. 28	Dec. 21	Dec. 14	Year ago (approx)
	6.03	6.03	6.00	6.00

STANDARD AND POORS

	Dec. 31	Dec. 28	Dec. 27	Dec. 26	Dec. 24	Dec. 21	1979 High	1979 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	121.02	120.88	121.04	120.85	120.70	120.59	124.48 (15/10)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	107.94	107.84	107.98	107.78	107.66	107.59	111.27 (5/10)	96.13 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	Dec. 26	Dec. 19	Dec. 12	Year ago (approx)
Ind. div. yield %	5.27	5.24	5.25	5.21
Ind. P/E Ratio	7.67	7.70	7.65	8.55
Lon. Gov. Bond Yield	10.17	10.09	10.21	8.95

N.Y.S.E. ALL COMMON

Dec. 31	Dec. 28	Dec. 27	Dec. 26	1979 High	1979 Low
61.95	61.88	61.91	61.82	62.86 (21/9)	53.88 (27/3)

Rises and Falls	Dec. 31	Dec. 28	Dec. 27
Issues Traded	1,980	1,969	1,978
Rises	762	733	700
Falls	760	758	811
Unchanged	458	478	467
New Highs	82	63	52
New Lows	71	54	54

MONTREAL

	Dec. 31	Dec. 28	Dec. 27	Dec. 26	1979 High	1979 Low
Industrial	329.92	329.69	330.88	(c)	332.12 (6/10)	219.18 (2/1)
Combined	311.44	311.55	311.89	(c)	314.35 (5/10)	225.88 (2/1)
TORONTO Composite	1815.2	1804.3	1798.6	(c)	1815.2 (31/12)	1315.8 (2/1)

	Jan. 2	Dec. 31	Dec. 28	Dec. 27	1979-80 High	1979-80 Low
AUSTRALIA						
Sydney All Ord. (1936/38)	760.00	(c)	748.00	727.62	760.00 (2/1/80)	545.72 (2/1)
Metals & Minls (1936/38)	4712.63	(c)	4555.39	4586.59	4712.63 (2/1/80)	2587.34 (2/1)
AUSTRIA						
Credit Aktien (2/1/62)	68.95	(c)	69.30	69.18	69.30 (28/12)	61.53 (2/3)
BELGIUM						
Belgian SE (31/12/63)	101.95	(c)	102.82	103.27	109.47 (5/10)	96.80 (3/1)
DENMARK						
Copenhagen SE (1/1/73)	88.74	(c)	87.37	87.01	97.46 (25/7)	86.49 (14/12)
FRANCE						
CAC General (29/12/61)	(u)	(c)	102.70	103.8	113.1 (3/10)	82.4 (16/2)
Ind Tendance (29/12/78)	(u)	(c)	108.10	109.2	122.8 (4/10)	92.7 (22/2)
GERMANY						
FAZ-Aktien (31/12/58)	223.99	(c)	227.27	225.7	265.66 (18/1)	225.75 (7/11)
Commerzbank(Dec.1953)	708.0	(c)	715.70	713.6	839.60 (16/1)	704.56 (7/11)
HOLLAND						
ANP-CBS General (1970)	84.6	(c)	84.80	84.2	94.2 (24/1)	82.8 (13/12)
ANP-CBS Indust. (1970)	68.1	(c)	68.40	67.8	85.9 (24/1)	66.7 (13/12)
HONG KONG						
Hang Seng Bank(31/7/64)	889.13	879.38	852.10	859.62	889.13 (2/1/80)	493.85 (2/1)
ITALY						
Banca Comm. Ital (1972)	83.11	82.46	81.86	81.95	83.85 (4/10)	66.58 (2/1)
JAPAN						
Dow Average (16/5/49)	(c)	(c)	6569.73	6529.85	6590.68 (29/9)	5925.87 (18/4)
Tokyo New SE (4/1/68)	(c)	(c)	459.61	458.74	465.24 (29/9)	435.13 (13/7)
NORWAY						
Oslo SE (1/1/72)	155.01	(c)	154.53	157.45	142.22 (13/12)	74.46 (16/1)
SINGAPORE						
Straits Times (1966)	435.22	435.41	454.12	451.01	455.41 (31/12)	346.34 (25/2)
SOUTH AFRICA						
Gold (1958)	(u)	(c)	530.6	528.8	550.6 (28/12)	229.40 (17/4)
Industrial (1958)	(u)	(c)	451.2	448.2	451.2 (28/12)	278.58 (2/1)
SPAIN						
Madrid SE (28/12/79)	100.75	—	100.00	—	100.75 (2/1/80)	100.00 (28/12/79)
SWEDEN						
Jacobson & P. (1/1/58)	352.56	(c)	351.85	350.77	401.34 (6/2)	351.67 (24/9)
SWITZERLAND						
Swiss Bank Cp. (31/12/58)	303.8	(c)	302.70	301.6	329.10 (2/5)	284.00 (3/1)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
U.S. Steel	357,000	17¾	—	Pan-Am Airways	292,500	5⅞	−⅛
Genl. Pub. Util.	355,800	8⅝	+½	Southern	282,900	11⅞	+¼
Chrysler	355,200	6⅜	—	Asarco	265,400	37¾	+3⅞
IBM	308,400	64⅝	+⅛	Texas Util.	263,900	17⅞	—
Sears Roebuck	293,000	18	—	Am. Tel. & Tel.	231,500	52⅝	−⅛

Spain prices Page 14

FINANCIAL TIMES SURVEY

Thursday January 3 1980

CAR HIRE

The basic upward movement in the market should cushion the rental companies against a full recession which may hit other consumer fields. However, it is a very crowded trade in which the household name companies hold only a small proportion of the business. Smaller and medium-sized companies still form the backbone.

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A 1980 marketing war in the making

WHATEVER ELSE 1980 holds for the car rental business it certainly seems to have all the makings of the year of the marketing war. The prospect is causing a degree of nail-biting in various corporate headquarters. but as far as the consumer is concerned the next 12 months should see car rental very much a buyer's market.

Given normal trading conditions the trends in the car rental business have been constantly upwards over the past couple of decades. Needless to say, of course, trading conditions at the moment are anything but normal. However, the basic upwards movement in the market is enough to cushion the rental companies against the full horrors of a sales recession which may hit other consumer fields. In other words most companies see 1980 as a year of consolidation; a time for snapping away some of the market share of rival companies: and a time for making sure that nobody takes away too much of their own business.

In theory the car rental business has all the characteristics of an industry liable to see a few casualties in hard times. It is desperately crowded with competition, its stock of cars represent a considerable burden when interest rates are high, it relies on an active business market and it looks to healthy tourist traffic to keep things buoyant in the summer.

Asset

In practice it has an asset which has stood it in good stead in the past. The basic competitiveness of the business, and its apparent willingness to allow considerable cross-industry management mobility, has produced management teams which in most cases are small but remarkably effective. It also has the ability to adjust its marketing effort according to the market environment.

From the outside it is easy to assume that car rental is dominated by the household brand names. Ask the man in the street to name a few rental companies and after Avis, Hertz, Godfrey Davis and Budget he would probably begin to run out of ideas. In fact even in that list he would be missing a few majors—the remarkable growth of Swan National recently has moved it into the big league. In fact these majors still hold a minor section of the total business both world-wide and on the British domestic scene. Smaller and medium-sized companies still form the backbone of car rental.

Objective

Underpinning the car rental business is an increasing acceptance overall of the idea that renting a car is a normal practice rather than an unusual event. As an industry its prime objective is to ensure that car rental is thought of as an essential part of the transportation system: after hat it is a matter of convincing customers that cars are a superior form of transport. In Europe this has been rather more of an uphill struggle than was the case in north America. Jet-and-drive may be the norm in the U.S. but public transport is much more sophisticated on the eastern side of the Atlantic where train and taxi is the oft-used business route.

The result has been that the car rental organisation's major rival is the rail system of Europe. The significance of Godfrey Davis sewing up the British Rail system in the UK to that company's success in holding up against the massive late-'60s, early-'70s onslaught from the American majors cannot be underestimated. Godfrey Davis proved that Hertz and Avis, while formidable giants, were not unbeatable.

Almost universally the car rental companies see a downturn in leisure rentals in the early-'80s, even the most optimistic of them are looking only for stagnation in the total market.

With equal singlemindedness, therefore, the rental companies see as their main target for 1980 the business community. The average company can expect much greater aggression from car rental salesmen over the next year or so, proffering discounts, credit cards—and of course the most amazing service. Considerable efforts are likely in the marketplace in order to increase public awareness and confidence. Avis has already unveiled a £500,000 campaign to do just this.

Although the passion for opening new locations on prestige sites that was the fashion in the early-'70s may have died somewhat under the bright light of economic reality there is still considerable interest in finding sites, once against with particular attention paid to business areas.

It is in this field that the majors will be doing their best to pick off the smaller competitors. Many garages operations successfully run a car rental side and acquire considerable local loyalty. A company which does only domestic base-to-base rentals sees no reason to turn to a glossy international operator when around the corner is a reliable company which probably supplies the organisation's trucks and vans, sells petrol and services the directors' cars.

Regions

A few years ago that market was regarded as too difficult to break by many of the bigger companies. Now, however, attitudes are changing and attention is moving out of the big conurbations to the regions and to such locations as trading estates. "Even a fleet of six or seven cars in constant use can be enough to justify a location," says Hertz. There is some doubt whether there would be much of a rush to go that small on a widespread basis. but such are the managerial strains of rapid expansion.

All companies will be endeavouring to plan their rates in such a way as to capture particular markets without disturbing others parts of the trade. Time was when car rental showed little sign of price sensitivity unless gaps widened too greatly. Company accountants are paying closer attention to the rate game now, even if direct comparisons of rates often needs a touch of mathematical genius. A company which is best for one-day, unlimited rental of a medium-sized car, may be expensive for a two-day short trip in a small car which is dropped off at a distant point. Choosing the best buy for a particular purpose is a task which daunts the average user, who tends instead to choose one rental company for overall performance.

Performance

This aspect of overall performance is the key to the game, and likely to be increasingly so in the early 1980s. It will require the companies to pay particular attention to two aspects of their business—staff training and fleet usage. In both cases this is due to an overall consumer habit of making a choice for negative reasons. In other words most of us have a car rental company or two from which we will not rent, but very few people I have met will ever say they will only rent from one company.

The reason for an individual blacklisting a company may be slight—an ill-tempered receptionist or a dirty car—or serious (a wheel once came off a car I rented, within 300 yards of the rental point). This message is being drummed into staff repeatedly in the current round of training sessions.

Fleet usage is, if anything, a trickier matter. If a fleet is under-used the company is in financial trouble. If it is over-used then customers who have been wooed by salespeople or advertising find they cannot get vehicles and turn somewhere else. It is a difficult business, and this is going to be a more difficult year than usual. But for us, the renters, it means a period when for once we will be—if you will forgive the expression—in the driving seat.

Arthur Sandles

The big companies are preparing to consolidate in 1980. Above: Frank A. Olson, president and chief executive of the Hertz Corporation

Franchising likely to be a main growth area

FRANCHISING seems likely to be one of the major growth areas of the car rental trade in the 1980s since it offers a relatively low-cost means of expansion as well as, arguably, achieving a higher level of management motivation.

The two main franchised car rental companies are Budget Rent-a-Car and Thrifty Rent-a-Car, although the established companies also have some franchised outlets and are increasingly considering this method of expanding their operations.

Franchising, by definition, is where a company establishes a contractual relationship with owners of separate businesses which operate under the franchisor's name in a specified manner to markqet the product or service.

Thus, in car rental, the franchise company offers the small businessman—the franchisee—essential know-how, equipment, materials, and local rights to a nationally-advertised trade name.

Franchises are guided through all the stages of setting up a business and schooled in administration and financial control. They benefit from continuing guidance from the franchisor, including further training where necessary, and benefit from the national advertising and image promoted for the franchise.

Moreover, the link with a well-known franchising company may make it easier for an individual to borrow the necessary capital to start up the business.

For franchise companies as well, franchising can provide the financial resources to expand the business. Most of the capital cost, for example, is put up by the franchisee himself who may also be motivated to work harder than a company employee.

Companies which usually find such management difficult to recruit may attract to its ranks the kind of entrepreneurs who can make a business work because they have the motivation and local knowledge to make it successful.

Staff and renting costs are also far lower than if the franchisor owned and staffed his own outlets, while the nature of the franchise contract means that the franchises are in some measure "tied" to the company.

But while many franchises are glad of the franchisor in the initial stages of the business venture, the degree of control from some franchisors can irritate. After all, many franchisees started out in business on their own in order to escape working for someone else. They may begin to rebel, therefore, at the continuing standardisation forced upon them.

Once the business is established they may also query the size of any royalty payments to the franchisor since the franchisee may feel that he could run the company better without their help.

But the franchisor is forced to retain his control over certain parts of the franchise since he is acting in the interests of all the franchisees. It is all too obvious that one branch failure can seriously affect the image of the whole franchise operation, be it car rental or fast food.

Resources

Yet, in spite of the problems of management control, franchising still remains an attractive method of expansion for companies in growth areas but without the resources to expand themselves.

The two main car rental companies which operate a franchise system are Budget and Thrifty.

Budget Rent-a-car is the second largest car-hire company in the UK in terms of number of offices and customers, and third largest car rental operation in the world. It has 140 outlets in the UK and more than 1,500 world-wide.

Budget started just over 20 years ago in Los Angeles, California. At that time major car rental companies were charging a minimum rate of $10 a day and 10 cents a mile. Budget's strategy, as the name implies, was to offer the same service but at half the price of the larger companies.

Budget was able to do this by concentrating on local operations, thus avoiding the high overheads of a national organisation. It also catered for the insurance market by temporarily replacing written-off or damaged cars.

Since the key to Budget's low prices was to offer the benefits of local service but with a national image, it soon became clear that a franchise operation would achieve this end. A franchise in a certain area would be able to operate in the same way as a traditional small car-hire company—catering for the domestic car-hirer and offering lower rates because of being a local operation—but would reap the benefit of the Budget name.

Franchising also offered Budget a fast and efficient way of expanding its coverage of the market.

The first Budget office in Europe was opened in Zurich, Switzerland, in 1964 and there are now over 15 outlets in the country, including offices at Geneva and Zurich airports.

The UK was the second European market that Budget entered, initially with three offices and 31 cars, in 1966. Now Budget has 140 offices and claims to cover more towns and cities than any other vehicle rental network in the UK. It has a vehicle fleet of about 7,000 cars, vans and trucks.

In 1969, the company was taken over by the Transamerica Corporation, the U.S. conglomerate.

Budget quickly expanded in the UK until 1974 when, like all the car rental companies, it was hit by the petrol crisis. Budget subsequently switched its marketing effort to the sector of the market where it foresaw most growth: business rental.

It claims that its business rental activities have now increased dramatically as a result of this marketing switch. normally expects the franchisee with between seven to 10 vehicles and need not already be in the motor trade. Minimum investment required by the would-be franchisee is £15,000.

The other major companies to expand via franchising in the UK is Thrifty rent-a-car. Thrifty was founded in the early 1960s in Tulsa, Oklahoma, and via the franchise system has become the fifth largest rental company in the U.S. and Canada. But it was not until last summer, however, that Thrifty started in the UK. It now has 16 outlets and another 30 on the way.

Thrifty's present UK chairman, Mr. Jim Brown, became involved in the company when he was offered the Thrifty franchise for Gatwick Airport. Mr. Brown had established his own car rental company, called Selectacar, which was based at Bromley, Kent. Selectacar also supplies the RAC with spare kits for its members.

Mr. Brown convinced the U.S. holders of the Thrifty master franchise that he could substantially expand the UK operations and was given the opportunity in 1976.

Overheads

Thrifty, like Budget, can afford to offer lower rates than the national car-hire companies because its franchise operation means that the large overheads are reduced. Thrifty says that its rates are about 40 per cent lower than the large operations, without losing any quality of cars for hire. Over 80 per cent of Thrifty's current fleet of cars are less than seven months old.

The average return on investment for a franchisee is about 34 per cent, although some who have integrated the car rental business into an existing service station or garage business have achieved a 55 per cent rate of return. In the U.S. Thrifty normally expects the franchise to achieve a gross profit of 32 per cent.

The franchise fee depends on the potential of the territory, with £1,500 as the starting point. Franchisees pay a royalty of 5 per cent to Thrifty, 2 per cent to the international advertising fund, and 3 per cent to the UK advertising fund. The minimum investment is £12,500 which provides the deposit on a six- to eight-car fleet plus working capital and other initial fees.

Both Budget and Thrifty are members of the British Franchise Association, the body set up by the franchise industry to ensure that rogue operators are weeded out and to maintain standards of operations.

David Churchill

Budget Rent-a-Car is the world's third largest car rental operation. Above: Mr. Howard Nation, manager of Budget at Sidcup, Kent, with part of his fleet

Third contender joins the international fray

THE CAR RENTAL business is an extremely competitive one and worldwide there are two giants battling for markets, while a third contender has recently joined the fray in earnest.

The two giants are Hertz and Avis, both U.S.-owned and employing similar management styles. The third company is Budget, which, in 1960, became the franchise system it is today. Avis, for example, started as a franchise operation but discontinued the policy.

Budget Rent-a-Car, part of the Trans America Corporation, was founded in America in 1958. It opened its first European office in Switzerland in 1964. It opened in the UK in 1966 and has 140 offices in the UK and 1,500 worldwide.

Like Avis and Hertz it has a worldwide reservation system, the nerve centre of the system being a computer reservation centre in Nebraska.

Budget, which is one of the largest car hire firms in the UK with Godfrey Davis and Swan National in terms of the number of offices and customers, claims that business in this country is expanding quickly, with that of the business sector expanding by 100 per cent a year. Franchising is one method by which expansion can be achieved very rapidly.

Costs

Most of its licencees are garage dealerships, including Mann Egerton, Dutton-Foreshaw and Lex. They are predominantly Vauxhall and BL dealerships and in 1979 Budget said it had a peak fleet of 7,000 cars, vans and trucks on UK roads.

Budget, which opened 14 new offices this year, said its licensing costs varied but were made up of an initial licensing fee plus a percentage royalty on turnover.

It claims that its national tariffs are lower than its competitors mainly because of its structure. Under the franchise system the individual office need not employ marketing staff, only operational workers. National advertising and promotions are looked after by the Budget organisation which usually acts in a managerial role.

The franchising system, it says, makes savings on overheads because most of the hire offices are within existing garages and for the same reason the vehicles are comparatively easily maintained.

Budget, however, because of the franchise system, finds it more difficult to provide some of the services offered by other companies which own their own fleets. For example, it has only recently started offering one-way rentals and these operate in a limited area.

But it aims at a similar sort of customer as do Hertz and Avis. Budget at first concentrated on the fleet rental market and only in the late 1960s, in the UK, moved into the travel agency business. Hertz has tended to concentrate more on the businessman but similarly is heavily involved in the holiday trade.

Avis, Hertz and National Car Rental are the giants in the U.S. market and internationally the first two vary little in their image. The greatest difference is in their marketing organisation.

Avis has a system whereby marketing and sales departments report locally (to management in individual countries). Hertz, in contrast, has a more centralised system.

Mr. Tony Hook, UK marketing director, said: "I report to a European marketing director. We believe that as an international company a large proportion of what we do in the UK is the result of what is going on in France or America, or vice versa. Therefore, in order to have a worldwide impact, we report corporally."

Worldwide, Hertz probably has a bigger turnover but Avis has more cars on the road, and has more franchise operations. Both companies tend to buy specific models, from makers such as Ford and Vauxhall, but do buy some cars nationally for example, Renault cars in France and Fiats in Italy.

But while Hertz's top car is the Mercedes, Avis offers a luxury car fleet. Avis is in fact the UK luxury car market leader and offers a range of services, including that of the chauffeur-driven car. Its UK £500,000-plus luxury fleet comprises of about 500 cars, excluding the Granada range.

These, despite it being a multi-branch company, are generally available in the UK only in the London area, and similarly in capital cities of its branches in Europe.

Hertz sees its market more in the middle range of luxury car customers. It used to run Daimlers but the supply of new cars was inadequate and until two years ago, when it introduced the Mercedes-Benz, its "top" car was the Granada Ghia.

However, in many ways Avis and Hertz are very similar in the services they offer customers and as far as the consumer is concerned their different performances appear to be determined on the quality of local management and service — both at national or branch level.

For example, if a customer were given a dirty car he might decide never to use that company again.

In the UK, where the market is fairly static for a combination of reasons including a fall-off in tourism this year, competition is fierce and growth is having to be achieved by companies winning markets from their competitors.

Avis ranks among the UK major car rental companies, along with Godfrey Davis, Swan National and the Kenning Motor Group while Hertz ranks alongside Budget as a less significant force in British daily rental.

Lisa Wood

Courtesy service vans run by Hertz shuttle customers from the return car office to three terminals at Heathrow Airport. Incoming passengers are delivered to their cars at the Hertz car park at Heathrow

UK rental industry the largest in Europe

THE BRITISH car rental industry is now the largest in Europe—and if rates are anything to go by, the most competitive.

The Ford Fiesta, for example, costs about £70 a week to hire in the UK but more than £100 a week in Switzerland or Sweden.

It is difficult to estimate the size of the UK market because of its fragmented nature, with the hundreds of small independent operators, but it is reckoned that more than 100,000 rented vehicles are operated.

There are six major companies, most of which offer a full national service: only Hertz, Budget and Avis are internationals. The "nationals" are (not necessarily in order of size) Swan National, Godfrey Davis, and Kenning. These six companies together probably have about 30 per cent of the market. The rest is the preserve of the many small- and medium-sized companies which usually offer a more localised service.

The range of vehicles and services offered by the major companies is fairly similar, although some, like Avis, offer a fleet of "luxury cars." So the customer is often attracted to a particular company through the quality of local or national management. Because the market is stagnating any growth than can be achieved in the next few years is likely to be at the expense of competitors.

Benefits

In the late 1960s and until 1977 growth by the large companies was rapid. Commercial accounts grew particularly quickly as companies recognised the benefits of leasing or renting cars and tourism reached record levels.

A survey by the British Vehicle Rental and Leasing Association showed that members' fleets grew by more than 25 per cent in 1976-1977.

However, 1979 was a disappointing year for the rental companies. The number of tourists, particularly from the U.S., fell dramatically. Americans have traditionally been major renters of cars. On the domestic front fuel shortage scares and VAT scared off many potential customers. Any growth in the market—generally believed to be around 5 per cent—was achieved in the business travel market where the fuel crisis and rising transport costs actually increased demand from businessmen for hire cars.

Swan National, which claims to have the largest share of the business market, says that the year was much better for it than for many of its competitors becasue of this. Mr. Freddie Aldous, managing director of Swan National, said "The business house market, unlike tourism, is with you for 12 months a year. "The company provides customers with an international service via Inter-Rent, which is an association of car rental companies spanning 36 countries and 1,800 offices.

It is on this commercial market that all the national companies are focussing their attention. To this end they are looking to the regions, and opening new offices there, rather than simply concentrating on airports and major cities in the South East. Godfrey Davis has opened 11 new offices this year and Kenning has opened six new outlets. But because competition is fierce in this market it is predicted by some in the trade that there will be considerably reduced margins.

Companies are also looking to travel agents to help in the fight for more custom. Travel agents are useful in selling both business house car rental and package holiday rental.

Standard commission is paid to travel agents—this ranges from between 15 and 20 per cent, depending on the company. Kenning Car Hire, for example, pays standard commission of 15 per cent rising to 25 per cent with bonuses.

Companies such as Godfrey Davis, also a Ford main dealer, are heavily involved in car leasing. Godfrey Davis takes vehicles on a financial lease from a primary lessor and leases them, complete with service, in a form of contract hire.

Godfrey Davis is the largest British car rental company with 180 locations and opened 12 new offices last year. It has the exclusive contract for operating rail/drive at 73 British Rail stations and also has the contract for BA shuttle drive. It also operates a scheme with General Accident whereby it hires cars to motor insurance customers of the company whose cars are off the road.

Confident

With turnover for the six months to the end of September 1979 at £57.02m and a pre-tax profit of £4.4m Godfrey Davis is confident about the market's growth.

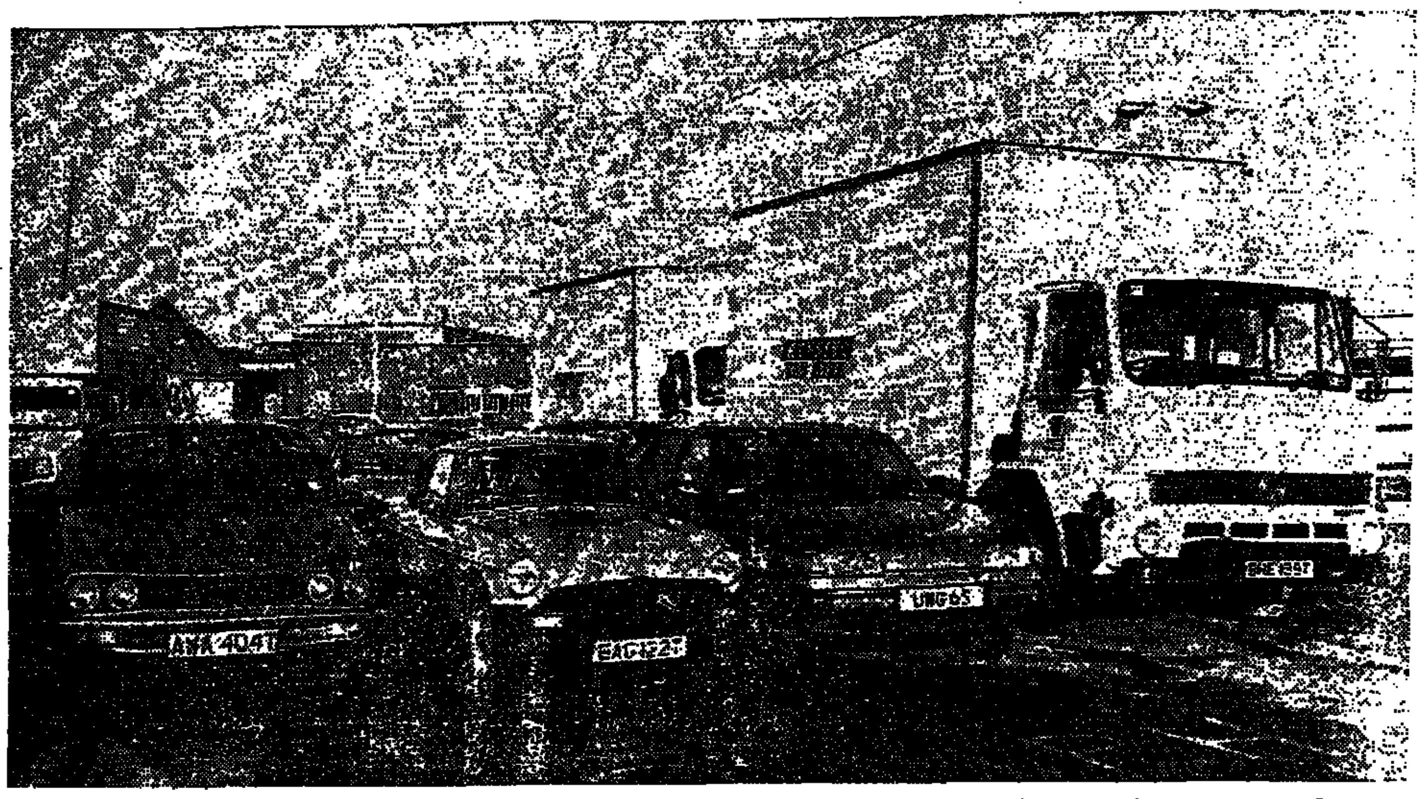
Mr. Tom Gibson, managing director, said: "Car-hire is still growing and will continue to do so. 1979 was a difficult year with a fall in tourism but this decline in overseas visitors must be compared with the previous two years which saw a tremendous growth in numbers of visitors.

"The tourist business is also seasonal and UK car rental companies have seen a big demand for business hire and domestic usage. The UK car hire market is no more competitive than it has always been. The market is, however, growing, for car hire grows with car sales, which this year has exceeded 1.7m new registrations."

Mr. Gibson said depreciation costs were high as were interest rates but he did not envisage car-rental companies increasing their prices steeply to cope with the increased costs.

Mr. Gibson did not believe, unlike some other rental companies, that second-hand cars were becoming increasingly difficult to sell. "The second-hand car market is patchy," he said, "but there is still strong demand for cars in the 9-12 months age bracket. In fact, the disposal of our fleet this year contributed to our profits."

Lisa Wood



Kenning Car Hire, one of the main independent companies in Britain, operates from 100 locations and has a combined fleet of 1,200 vehicles

Local operators have 60% market share

A QUICK GLANCE through the *Yellow Pages of the Telephone* Directory in London, for example, reveals hundreds of relatively small, independent car hire firms.

It is generally believed in the car rental industry that when the "uncommitted" users of car hire want a vehicle for a weekend trip away from their homes they reach for the local papers or the Yellow Pages.

In size the independent companies generally range from *those offering fewer than ten* vehicles to those with a fleet of about 100 cars. Some offer mainly average family saloons while a few, especially in London, offer chauffeur-driven vehicles. It is estimated that "local operators" comprise more than 60 per cent of the total UK rental market.

Mrs. Tessa Walley and her husband started their car hire business six years ago with four cars. They had been in *the business car accessories* trade since 1956 and, as she said: "We did not go into car hire casually—it is a capital intensive business."

Their company, Portobello Mini Hire, in Notting Hill, London, now runs 70 cars in the winter and 100 in the summer. Two-thirds of the vehicles are Mini saloons, one-third are Fiestas.

The cost of the hire of a Mini, including VAT but excluding mileage is £9.62 a day which is significantly lower than charges made by the multi-nationals and large national companies.

Mrs. Walley said: "We do not have the overheads of the bigger companies." Neither does Portobello offer some of the "luxury" extras provided by Avis and Hertz, for example one-way rental.

Many of Mrs. Walley's customers are "regulars" who, when they call in to book a vehicle, are immediately recognised. She said: "If you as the customer go to one of the big companies there is a different receptionist behind the counter every time."

She is one of the two receptionists at Portobello and welcomes many customers on first-name terms. The company empolys five mechanics and services all its own vehicles.

Overheads

Mrs. Walley sees growth in the market in the increasing number of people in London who do not own their own cars, or prefer not to have the overheads of their own vehicles, but who wish to hire a car for visits out of the city.

Replacement costs of new cars are high and have risen steeply but Mrs. Walley said: "The name of the game is doing your figures and making sure they are right."

The independents still hold a major slice of the market and there is little indication that this will change much over the next few years. Customers find these companies relatively inexpensive, convenient and reliable—or else they would not return to hire a second time.

Guy Salmon Car Rentals is an independent company but it is relatively large—with a fleet of 500 cars — and it competes directly with multi-nationals such as Avis Rent A Car for its main business is in luxury cars.

The company—a BL main dealer—started to hire cars as a service to existing customers when their cars were off the road. Mr. Richard Salmon, managing director of the company saw a gap in the market between the massive international car rental corporations and the much smaller local operators.

Four years ago the south-west London-based company opened a new base in the West End to provide it with faster access to London customers. It expanded its fleet of luxury cars and offered a 12 hours a day, 365-days-a-year service

The company's first luxury cars for hire were the Rover 2000 and the Jaguar XJ6. Now its fleet comprises about 250 cars (out of a total of 500 hire cars) and includes BMW, Rolls-Royce, Merecedes-Benz, Saab Turbo, Porsche 924 and Range Rover vehicles.

Compete

Guy Salmon also supplies smaller rental companies with luxury cars. They market the cars in Guy Salmon's name. This is a form of sub-contracting with Guy Salmon wholesaling car rental.

In its early days the company found that to compete with the bigger rental companies it had to have a free delivery and collection service, particularly as its headquarters were outside central London. This has continued, even with the West End base now operational.

Turnover of cars is rapid—about every nine to 10 months—because the company believes that if a customer rents a luxury car he does not want a tired-looking vehicle. Despite ever-increasing petrol costs, business has not fallen off. Guy Salmon believes that, basically, a customer renting a luxury car is not interested in the price—he pays for good service.

In December, Guy Salmon had its cars, particularly the Rolls-Royces, booked to capacity. Mr. Richard Salmon said: "Customers appear to be renting the luxury cars, on a short term basis, instead of buying a new car. Economic uncertainties appear to be so great that these people are spending their money now on rental, not purchase. Depending on need, renting at this end of the market, as opposed to owning, can be a very sensible option.

"But for us, there has developed an apparent polarisation for demand between the luxury cars and the 2000 cc and below models. Rover/Granada renters are tending to move down, whereas the Jaguar/Mercedes customer is continuing as before.

"Even against the current economic background I see the demand for specialised vehicles continuing strongly," he concluded

Lisa Wood

Payment systems aid the businessman

"THE LAST thing we want is for our customers to pay by cash," admitted an executive with one of the major car rental companies. His company, along with the other larger rental operators, have geared their invoicing system towards billing companies direct. Even private hirings or "one-off" business rentals are usually preferred to be settled either by credit card or through a travel agent.

Smaller, locally-based companies, however, are quite preparedto accept cash payments since their invoicing systems are not as sophisticated as those of the major companies.

The two main types of company invoicing are central billing and direct billing. Central billing is mainly used when companies use a particular operator frequently. Instead of invoicing the company every time a car is hired, the operator sends a monthly account to the company concerned. This can be of considerable benefit as well to businessmen who, during a month, rent cars in different countries and in different currencies.

Avis, which operates such a central billing system, offers the facility only to companies rather than individuals. When personal charge cards are allocated to employees by a company, they bear the name and address of the company and the account is sent to the company for payment.

Avis says that corporate billing programmes generally carry a minimum discount of 10 per cent, although higher discounts can be arranged for customers providing a higher volume of business.

Direct billing caters for the businessman who does not rent cars very often. The rental outlet sends an invoice without delay to the address on the charge cards. If the customer rents a car in France, he gets an invoice computed in francs but which can be paid in sterling ing the UK.

With direct charge card billing Avis points out that the customer is expected to pay immediately because it is not a credit card.

Most rental companies will accept the major credit cards, such as Barclaycard, Access, American Express, and Dinters Club. But the majors also operate their own credit card schemes. These were intially introduced, as with retailers' own credit cards, to encourage customer loyalty for one particular rental company. But there does not appear to be a great deal of brand loyalty among car hire users—most customers seem to want reliability and convenience rather than a brand image—and the car operators themselves have undermined the scheme by allowing rival operators' credit cards to be used for payment. Avis's own credit card, for example, can be used in Hertz outlets, and *vice versa*.

One of the major changes in the past few years among the business sector of the car hire market has been the efforts by Budget Rent-a-Car to attract more corporate customers. Budget, which claims to be the second largest rental company in the UK, is also a franchised operation. This has enabled it to secure the lower cost of operations of a local car hire company but retain the advantages of a national operation and identity.

Vouchers

Budget has therefore attempted to attract business customers through the introduction of a special "Corp rate" for companies among its franchised outlets.

Among the payment systems offered by Budget are special one-trip travel vouchers which can be used by an employee for one journey only. The company is then invoiced either directly or as part of its central billing.

Another feature is the master account card, which involves the hiring company giving individual clearance in cases where an employee quotes the master account number on a car rental outlet.

Budget also offers pay on return cards, which authorise the holder to rent a car from a Budget office without leaving a deposit. He then pays when he returns the card, and reclaims the money from his company.

A substantial proportion of business and private car hire is carried out through travel agents. Most of these agents receive a discount of up to 20 per cent from the operator for attracting the business, although the rental companies appear reluctant to meet demands for higher discounts since this reduces their profitability. The rental companies, however, are in a difficult position since they need the volume of business generated through travel agents.

The main piece of advice for both private and business car renters on costs, therefore, seems to be to shop around for the right system of payment for your purposes, and the best discount on offer.

David Churchill

Avis offers its own credit card for company customers as do other hire companies, but the original hope that such schemes would encourage brand loyalty has been undermined by allowing the cards to be used to pay for cars hired from rival operators

Car makers woo rental groups with enthusiasm

CAR RENTAL companies are no mean force in the car purchase and second-hand car business. Hertz and Avis both have approaching 250,000 cars under their name world-wide and in Britain alone Kenning Car Hire's total rental fleet of BL vehicles tops five figures.

It is no wonder therefore that the rental groups are wooed with some enthusiasm by the car makers, and it is not only thanks ot hte size of the basic order. Many car owners, planning to make a new purchase, rent cars that they are thinking of buying in order to give the vehicle a thorough trial without the burden of a saleman sitting alongside. A rented car is often a considerable influence on futuer car purchases even if the prime intention is not to test.

Without question it is Ford cars which dominate the British domestic car rental scene with Hertz Avis and Godfrey Davis all using them. Budget and Kenning are the two major users of BL vehicles, Thrifty and Europcar use large numbers of Renaults (Europcar is a Renault subsidiary) and Vauxhalls can be found in some numbers in Hertz and Avis fleets to back up their Fords. Chrysler cars were once the backbone of the Avis fleet, but the Talbot name does not feature strongly these days.

Two factors are important to a car rental company in choosing its fleet for the forthcoming season — consumer popularity and the ease and cost of servicing.

There is little doubt that Ford's success in the first category has helped it enormously. The average Ford car is an unsophisticated beast but in the words of the legendary Fleet Street drama critic, it will "run and run." Its conventionally placed mechanics make it relatively simple to service (gearbox access is one of the complaints about transverse engines) and fairly inexpensive. Simplicity always appeals to rental companies—which is why so many of them loved the old Hillman Hunters—and innovation is always looked upon with doubts and suspicion.

Maybe it is a criticism of us motorists but when it comes to rental apparently we tend to be conservative too. While our eyes may glisten as the amazing intricacies of a Porsche or Ferrari, when it comes to rental we go for something which has no more knobs than we can handle and as few potential irritants under the bonnet as possible.

But hidden in the formula is another key problem the car rental companies have to face. That is the cost of purchase and the prospective receipts on resale. Traditionally, car rental companies operate on three basic systems of maintaining their car fleets. These are the direct purchase and sale of vehicles, the acquisition of cars on a guaranteed repurchase basis, and leasing. The particular mix will depend on how the company sees the market developing over the year.

Thus in periods when a rental group thinks that autumn second-hand car prices will be high and that new cars in the spring are underpriced, it will buy a high percentage of its fleet. If it foresees a low second-hand market it might endeavour to ensure that others take the financial risk. High interest rates, oil crises which provoke a sudden rush for small vehicles, and industrial disputes all make the annual decision on what the corporate strategy should be that much more difficult.

Decision

If a wrong decision is made the costs can be very high. A miscalculation of only £50 on the average amount receivable for second-hand vehicles in a fleet of, say, 10,000 cars can make quite a dent in profits.

It is normal these days for the car rental companies to dispose of their vehicles within the trade. Some companies do sell their used vehicles direct to the public—and a rental car has usually been superbly maintained—but no one seems to make any great song and dance about this facility. Hertz pulled out of the direct sales market some time ago when it found that more staff were involved in the sales process than could be justified by the additional profits received as a result of cutting out the trade sales system. Where a rental company already has an established car selling side of its activities then the rental fleet becomes, of course, a sales asset rather than a sales liability.

It is extremely difficult to assess what impact the rental companies have on the second-hand car business. However, they must be the major source of supply of such vehicles as Cortinas, Granadas, Fiestas and VW hatchbacks, each autumn. Buy any of these (one year old or less) vehicles from a garage in the autumn and there is a good chance it will have been a summer rental fleet car.

As with most other aspects of the business no one is particularly keen to start speculating on the *condition* of the market eight or nine months hence. Nonetheless speculation will have to be made over the next few weeks as decisions are taken on the sizes and mixes of summer fleets. One of the problems the companies face is that people tend to rent slightly larger cars than they in fact wish, or are able, to own personally. Thus while running costs and fuel prices may tend to make the average family motorist look to the smallest cars in the market (the Group A's in rental parlance) when they rent they might instead look to groups B and C.

When rental companies have reckoned that oil crises would make everyone rush for tiny vehicles they have been proved slightly wrong—there has been a trend rather than a rush. When petrol stations are closed it is the *range* of the car that counts rather than the miles it actually does to the gallon.

Oddly enough one end of the market which is still healthy is the luxury rental business. Rolls-Royce, Daimler, Jaguar and Mercedes will all benefit from rental group purchases this year. It is the old matter of wishing to impress. When you are trying to show a rival, or a buyer that things are going well, you park your Maxi around the corner and rent a Jag for the actual visit. But then the psychology of car rental is another story altogether.

Arthur Sandles

COMMODITIES and AGRICULTURE

Stockpile Bill signed

WASHINGTON — President Carter yesterday signed the Stockpile Bill, authorising the sale of 35,000 long tons of tin and 3m carats of industrial diamonds. The Bill also authorises the President to contribute up to 5,000 long tons of tin to the buffer stock established under the fifth International Tin Agreement, reports Reuter.

The General Services Administration is still finalising details of how the sales of stockpile tin are to be handled. The plan is to sell 10,000 tonnes annually over the next three years. But consultations are to be held first with the International Tin Council to avoid any undue disruption of the world market.

At the same time the U.S. will also have to negotiate with the Tin Council about the details of its voluntary contribution to the buffer stock. Article 43 of the Tin Agreement states that any member wishing to make contribution of non-commercial stockpile tin to the buffer stock must first consult the Tin Council about how it is to be done. Disagreement is likely to rise over whether the tin contribution should be based on the prevailing floor price ($M 1,500 a picul) or the current market price, which was $M 2,111 a picul in Penang on Tuesday night.

The next meeting of the International Tin Council is due to be held on January 15-18 when no doubt the question of stockpile tin disposals will be high on the agenda. So too will be the producer countries' demand for a rise in the Agreement's price range, even though the Council's special Economic and Price Review Panel meeting last month disagreed on the necessity for an increase.

The Stockpile Bill, signed by President Carter, authorises the acquisition of $237m worth of strategic and critical materials, at present below the stockpile targets. These include copper and other base metals.

China metal output up

PEKING — China produced 12 per cent more copper, aluminium, lead, zinc and four other non-ferrous metals in 1979 than in the previous year, the New China News agency said. The agency did not give actual production figures. Reuter

Base metals rise as silver soars

BY JOHN EDWARDS, COMMODITIES EDITOR

THE SPECTACULAR rises in gold, silver and platinum and the troubled political situation in the Middle East triggered off a general upsurge in base metal prices yesterday. Copper cash wirebars jumped by £53 to £1,047.5 a tonne; cash lead by £24 to £533 a tonne; cash zinc by £16 to £345; and cash tin by £80 to £7,490 a tonne. Aluminium and nickel futures rose sharply as well.

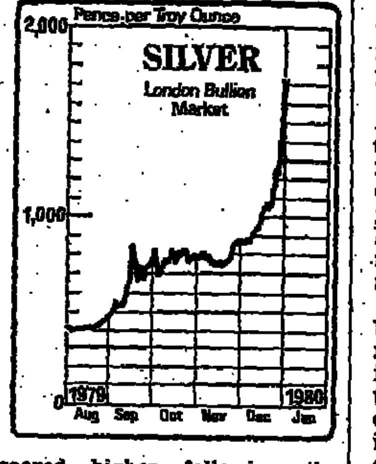
Copper's rise took it to the highest level since the end of October. In the U.S. several producers announced increases in their domestic selling prices to between $1.10 and $1.12 a lb. Asarco raised its price twice during the day, first by four cents to $1.10 and then by a further two cents to $1.12.

Tin shrugged off the news that President Carter had finally signed the stockpile disposal Bill and instead followed the upward trend in Penang where the market rallied strongly after its fall from the all-time peak of $M2,138 a picul reached last week. Lead and zinc recovered strongly too after the setbacks last week. However the star performers were undoubtedly silver and platinum. The bullion spot price for silver at the morning fixing was raised by 346.85p to a record 1,793.7p a troy ounce. But prices eased back in later trading on profit-taking sales to close below $1,700 an ounce for cash silver on the London Metal Exchange.

Free market platinum values soared higher following the trend in gold and silver. The London market price was marked up by £26.85 to £334.80 a troy ounce, while the dollar quotation rose to $750.

Reuter reported from Washington that the Commodity Futures Trading Commission (CFTC) said it is considering amendments to the platinum futures contract on the New York Mercantile Exchange.

The changes would make a second platinum grade eligible for delivery. One would be referred to as the 99.5 contract with minimum specifications of 99.9 per cent pure platinum and platinum metals with a minimum of 99.5 per cent pure platinum. The second would be known as the 99.9 contract which would require delivery of 99.9 per cent pure platinum.



Call for higher producer price for Ghana cocoa

ABIDJAN — Experts at an economic symposium at Lego, has called for an increase in Ghana's present producer price for cocoa of 120 cedis a headload (66 lb).

The panel agreed the prices should be increased as an incentive to farmers. They said Brazil paid about 80 per cent of the world market price to its farmers and suggested the Ghana Government pay at least 50 per cent of the world price in local currency.

The experts, meeting at the University of Ghana, warned that lack of protection policy, inadequate input, inefficient extension service and inadequate control of diseases were factors contributing to the decline of Ghana's cocoa industry.

Most of the cocoa trees in the country had grown beyond their productive span, and the farms needed to be rehabilitated and replanted, the panel said. There were only 2m acres of good cocoa farms in the country and about 800,000 diseased cocoa trees which should be felled within five years.

If proper measures were taken, Ghana could quickly restore its cocoa production, the experts said.

The panelists said the country required between 1.5m and 2m gallons of insecticides to control pests, but the average supply of insecticides was not more than 250,000 gallons a year. Reuter

Embargo threat hits sugar

By Our Commodities Staff

ANXIETY OVER the possibility of a U.S. trade embargo against the Soviet Union prompted a sharp downturn in the world sugar market yesterday.

Soviet buying has been an important factor in the recent sugar price upsurge and reports of new purchases encouraged a further upsurge yesterday morning, lifting the May position on the London futures market to £187.75 a tonne at one stage.

But the deterioration in U.S.-Soviet relations as a result of the latter's activities in Afghanistan led to fears that trade between the two countries could be halted leaving large amounts of sugar currently ear-marked for shipment to the USSR to be absorbed onto the world market.

The resulting downturn was accelerated by the operation of "stop-loss" selling orders and by the close May delivery sugar was quoted £3.20 down at £181.625 a tonne.

In Bonn, meanwhile, the West German Sugar Industry Association said sugar production rose to 2.82m tonnes in the 1979-80 campaign just ended from 2.74m in the previous season, reports Reuter.

The volume of beet processed was 18.47m tonnes compared with 18.84m and the sugar content at the cutting machines was 17.13 per cent against 16.5 per cent.

Sugar output comprised 2.46m tonnes of white sugar, compared with 2.31m tonnes, and nearly 358,000 tonnes of raw sugar against just over 430,000.

Mexico delays oil price rise

MEXICO CITY — Mexico's national oil company, Pemex, has delayed announcement of an oil price increase until later this week, a spokesman said.

Mexico, which is not a member of the Organisation of Petroleum Exporting Countries (OPEC), normally revises its oil prices every three months.

Mexico does not sell its oil on the world spot oil market, but instead negotiates long-term contracts with its customers every quarter. Pemex crude normally sells at the same price as, or for more than, the official OPEC price.

SNOWDONIA EXPERIMENT

Reconciling farmer and tourist

BY CHRISTOPHER PARKES

HARD-HEADED farmers have never had much time for soft-living townies. Least of all in Snowdonia, where the average farmer has a tough enough life shepherding his wayward, spring-heeled Welsh Mountain sheep without having to contend with the problems brought by millions of family trippers who yearly exercise their "right" to rampage over the grazings, trailing beer cans and sandwich wrappers, and leaving damaged gates and tumbled walls in their wake.

A recent experiment in the area has shown that the interests of the two groups are not wholly irreconcilable.

Started tentatively in 1969 and concluded in 1978, the Countryside Commission's upland management experiment in the region has produced significant changes in farmers' attitudes to the visitors and helped improve control of tripper traffic. It has also greatly eased the ill-feeling towards the National Park authorities which had hitherto been viewed by farmers as solely interested in the welfare of seekers after beauty spots.

With the groundwork complete, the National Park has now taken on the responsibility of continuing the schemes which led to these successes and which in time may reverse the processes which have been destroying some of the most treasured and best-loved landscapes in Britain.

There is also a plan for a new group to devise means of bringing more direct profits from tourism to the hard-pressed and thinning ranks of farmers in the area.

The experimenters, under the control of Mr. Vernon Davies, a bilingual local officer from the National Park, quickly found that the key to most of the problems in the test area was access.

On the busiest days at the height of the summer season there are more than 100,000 visitors in the Snowdonia National Park, and in an average year more than 8m visitor/days are spent there by people rambling, picknicking, beauty-spotting, climbing, and canoeing.

Established pathways, few in number, were eroded and in poor repair. Lack of maintenance, heavy use and water erosion were found to have reduced many paths to ankle-twisting bedrock, and muddied stretches tended to divert walkers to make detours across grazings.

Simple bridges

The Commission, using contractors, farmers themselves and volunteers made good these worn tracks, installing a wide variety of stiles, kissing gates and simple bridges.

In other areas techniques for handling sheep were applied subtly to stop people from straying and taking short-cuts.

The experiment also uncovered ways for farmers to boost their meagre earnings, particularly for those without the facilities to make bed-and-breakfast a paying proposition.

At Tal-y-Waun Farm, near Dolgellau, for example, the farmer decided to set up a farm trail on his 80-hectare holding. His farm was not big enough to provide an adequate living, and he had to make ends meet by driving a school bus and shearing his neighbours' sheep. The experimenters were eager to help.

Aided by labour found by the Commission and modest funds, he laid a small car park, improved paths, planted trees, set up way-markers and built a picnic plot to complete the basic "trail."

With some help from the Ministry of Agriculture the farmer wrote a booklet for sale explaining the farming methods, landscape and wildlife. In 1977, when the trail was opened, the farm had 3,000 visitors. In 1978 a tally of 5,000 trippers so pleased the farmer and his helpers that more funds and assistance were offered for further improvements. They now plan a small "interpretation" centre, an enclosure where visitors can get a close look at livestock, shelter from the weather, and a refreshments stand.

The lessons learned at Tal-y-Waun are now being applied on other farms with "views" and other special attractions.

Throughout all the developments the greatest stress has been laid on maintaining and improving the landscape. Nothing must be built which jars the profile, texture and natural colour of the mountains and heathland. Every effort is being made to discourage vandalism and disfigurement of the scenery. Farmers have been given paint to dress up their more unsightly buildings and fencing materials to protect copses and small areas of woodland from their stock. Walls have been rebuilt, capping stones "borrowed" for camp-fires replaced, and farmers' stand-by fencing materials—ranging from corrugated roof sheets to old bedsteads—are being removed.

Farm litter

It was found that litter attracted more litter. Agricultural clutter—old feed bags, redundant machinery and rusty ironwork—tended to tempt visitors to add their junk to the heaps. Again farmers are being encouraged and helped to tidy up their land.

While some of our cities, rivers, canals and even some beauty spots are perhaps irretrievably drifting towards dereliction, the threat of Snowdonia developing into an upland slum has been detected in time. A relationship has started to develop between the farmers, the official guardians of the national heritage and the urban masses which could lead to the danger being averted.

The Snowdonia Upland Management Experiment. £3; Countryside Commission. John Dower House, Crescent Place, Cheltenham, Glos. GL50 3RA.

Milk consumption fall continues

BY RICHARD MOONEY

CONFIRMATION OF the continuing decline in UK liquid milk consumption was provided yesterday when the latest Ministry of Agriculture figures were published.

Total consumption in the July-September 1979 period was provisionally estimated at 1,801m litres compared with 1,835m in the second quarter and 1,842m in the corresponding period of 1978.

At the same time, however, total sales of farms continued to rise. Provisional Ministry figures put third quarter 1979 sales at 3,692m litres against 3,673m in the same quarter a year earlier.

The 2.2 per cent year-on-year decline in consumption is seen as a direct result of the 14p a pint retail price rise imposed in June, following which an initial 3 per cent fall in consumption was recorded. The retail milk price is due to rise by another 1½p to 16½p a pint on February 17.

The rise in milk production and decline in consumption was balanced by a 59m litre increase in the use of milk by manufacturers. Butter making took 26m litres more at 817m litres, while the cheese makers used an extra 28m litres at 580m. Milk powder manufacturers consumed 3m less while condensed milk and cream accounted for an extra 4m litres and 3m litres respectively.

The Ministry also published July-September figures for UK egg supplies. Output for human consumption totalled 9,955,000 boxes 30 dozen each), 150,000 less than a year earlier. But after allowance for imports and exports, farmhouse usage and processing supplies available for consumption in-shell rose 146,000 boxes to 9,538,000.

Sweden raises ore prices

STOCKHOLM—Sweden is this year charging West German steelmakers around 30 per cent more per tonne in dollars for deliveries of low phosphoric iron ore after a 12 per cent export price increase in dollar terms for 1979, AB Malmexport has said.

Malmexport said the deal with Germany should set the pattern for price agreements with other customers. Germany and Belgium are Sweden's most important ore clients. Price agreements for other ore qualities such as high phosphoric finds, pellets and run of mine ore remain to be struck.

Total ore exports this year should be little changed at 25m tonnes.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Sharply higher on the London Metal Exchange in the wake of the *unprecedented rises in precious metals*. Forward metal opened higher at £1,025 and moved ahead strongly on mainly speculative buying to touch £1,078 around lunchtime. In the afternoon some trade selling was reported despite Comex opening limit-up. This *selling pared the price to £1,067* but fresh buying developed on the kerb where forward metal ended at £1,075. In the late inter-office dealings the price dipped below the £1,070 level.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	1039-40	+45	1047-8	+53
3 months	1054-.5	+45.7	1067-8	+59
Settlem't	1040	+45	—	......
Cathodes				
Cash	1012-4	+42	1019-23	+50
3 months	1031-3	+45.5	1043-5	+55.5
Settlem't	1014	+42	—	......
U.S. Prod	—	......	103-107	......

Turnover 28,850 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1,038, 39, 40, three months £1,044, 45, 46, 47, 46, 48, 49, 50, 49, 48, 49, 50, 51, 52, 53, 54, 52, 53, 54. Cathodes, cash £1,015, three months £1,032. Kerb: Wirebars, three months £1,056, 58, 60, 61, 62, 63. Afternoon: Wirebars, cash £1,047, three months £1,076, 76, 74, 73, 72, 72.5, 72, 75, 70, 72, 71, 70, 69, 68, 67. Cathodes, three months £1,045. Kerb: Wirebars, three months £1,068, 69, 71, 70, 69, 70, 71, 73, 74, 75.

TIN—Gained ground following the sharp rise at Penang and the strong performance of copper. Forward metal opened at £7,280 and moved up to £7,330 before heavy profit-taking and lending of nearby material against fresh arrivals from the East pared three months to £7,310. In the afternoon the *market moved up again to touch £7,330* but fell back to £7,270 on light profit-taking. However, fresh covering against U.S. physical demand lifted *forward metal to £7,290 on the late* kerb. Turnover 1,150 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7550-60	+145	7485-95	+80
3 months	7340-60	+140	7310-30	+110
Settlem't	7560	+145	—	......
Standard				
Cash	7550-60	+145	7485-95	+80
3 months	7330-5	+137	7300-10	+110
Settlem't	7560	+145	—	......
Straits E.	‡$2111	+33		......
NewYork	—	......		......

Morning: Standard, cash £7,550, three months £7,320, 30, 20, 10, 30. *Karb: Standard, three months £7,310.* Afternoon: Standard, cash £7,490, three months £7,330, 25, 20, 15, 7,300, 10. Kerb: Standard, three months *£7,290, 80, 7,300, 7,290.*

LEAD—Higher reflecting the gains in other metals. Forward metal opened *at £506.5 and lifted to £520 in the* morning rings. Profit-taking developed in the afternoon and this pared the price to £514.5 before light trade *buying left forward material at £519.5* on the kerb. Turnover: 7,675 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	538-9	+23.5	532-4	+24
3 months	519-20	+29	517-8	+27
S'ment	539	+29	—	......
U.S. Spot	—	......	*57-59	......

Morning: Cash £538, 40, 39, three months £520, 22, 21, 20, 18, 19, 22, 21, 20, 21, 20, 19. *Kerb: Three months* £519, 18, 19. Afternoon: Cash £534, three months £520, 18, 17, 15, 16, 15, 17, 18. Kerb: Three months £517, 18, 16, 17, 18.

ZINC—Moved ahead in line with the sharp gains in other base-metals and *precious metals*. Forward metal started the day at £348 and gradually rose to close the late kerb at £358. Turnover *2,725 tonnes.*

ZINC	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Cash	343-4	+14.5	344-6	+16
3 months	356-7	+17	359-60	+20
S'ment	344	+14	—	......
Prim w'st	—	......	*57.5	......

Morning: Three months £359, 58, 57. Afternoon: Cash £345, three months £359, 60, 58, 59, 60. Kerb: Three months £358, 59.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	†+ or —
	£	£	£	£
Spot	887-9	+28.5	890-5	+35
3 months	869-70	+23	877-8	+31

ALUMINIUM—Firmer with good demand for cash material lifting three months from £860 to a *day's high of* £880 before a close on the late kerb of £875. Turnover 6,675 tonnes.

Morning: Cash £894, 93, 92, 90, 88, three months £861, 62, 61, 64, 65, 66, 70, 68, 69, 68, 70. Kerbs: Three months £872, 74, 76, 78, 79, 80. Afternoon: Three months £880, 81, 80, 79, 78, 77, 78, 79, 78, 77. Kerbs: Three months £875, 76, 78, 75, 74, 70, 73, 75.

NICKEL—Higher along with other metals. Forward metal opened firmer at £2,880 and edged up to £2,925 before easing back to close *the late kerb at £2,910.* Turnover 510 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2800-10	+57.5	2830-40	+87.5
3 months	2890-5	+57.5	2920-5	+87.5

Morning: Cash £2,790, 95, 2,800, three months £2,880, 2,900, 2,895. Afternoon: Three months *£2,900, 10, 20, 25, 30, 25, 20.* Kerb: Three months £2,925, 10.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver showed a record one-day movement in the London bullion market yesterday to be fixed at 1,793.7p an ounce, a rise of 346.85p or nearly 24 per cent from *Monday*. U.S. cent *equivalents of the fixing levels were:* Spot 3,995.0c, up 775.00c; three-month 4,079.2c, up 792.7c; six-month 4,157.5c, up 816.30c; and 12-month 4,293.9c, up 841.20c. The metal opened at 1,650-1,800p (3,700-4,000c) and touched an all-time high of 3,800-4,200c before *closing at 1,650-1,800p (3,700-4,000c).*

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffici'l	+ or —
Spot	1793.70p	+346	1693.5p	+281
3 months	1843.70p	+558	1742.5p	+271
6 months	1889.70p	+572	—	......
12months	1969.70p	+387	—	......

LME—Turnover 145 (160) lots of *10,000 ozs.* Morning: Cash 1,790, 80. *Three months* 1,770, 75, 80, 85, 95, 1,800 1,799, 1,800, 40, 30, 35, 40, 38, 25. Kerbs: Three months 1,820, 1,800, 10. *Afternoon: Three months 1,750, 75, 70,* 50, 55, 50, 42. Kerbs: Three months 1,740, 30, 40.

COCOA

Cocoa futures were easier throughout the day as continued commission house liquidation pushed prices £25-£30 lower than Monday's close. *Producers remained withdrawn from the* market although increased offtake among consumers was reported for both beans and butter. A *Bahia arrival figure of 92,600 and a stronger sterling* aided the bearish sentiment, reported Gill and Duffus.

COCOA	Yesterd'ys Close	+ or —	Business Done
Dec.	*1418-20*	−28.5	1470-15
March	1425-26	−28.0	1473-26
May	1433-35	−29.5	1485-35
July	*1455-57*	−24.5	1497-54
Sep	1480-85	−23.0	1506-1490
Dec.	1500-10	−21.5	1510
March	1515-35	......	—

Sales: 4,184 (2,104) lots of 10 tonnes.

International Cocoa Organisation (U.S. cents per pound): Daily price Dec. 31 141.89 (144.02); Indicator price *Jan. 2: 15-day average 144.87 (144.96);* 22-day average 144.56 (144.68).

COFFEE

Robustas opened stronger than *expected with gains of up to £35 but* further pressure on January saw values £20 off the highs from where the *market drifted lower, reported Drexel* Burnham Lambert. The afternoon remained quiet in weak dealings making new lows towards the late session and closing around *unchanged from* Monday.

COFFEE	Yesterdays Close	+ or —	Business Done
	£ per tonne		
January	*1590-92*	+4.5	*1630-1585*
March	1580-83	−4.0	1615-1577
May	1563-65	+5.0	1604-1567
July	1555-56	−7.0	1600-1557
Sept	*1547-56*	−11.0	1567
Nov	1541-49	+2.5	—
January	1527-49	+13.0	—

Sales: 3,117 (6,178) lots of 5 tonnes.

GRAINS

IMPORTED—Wheat: CWRS No. 1, 13½ per cent, unquoted. U.S. Dark Northern Spring No. 2: 14 per cent, *Jan. 104.25, Feb. 105.75, March 107.25 transhipment East Coast.* U.S. Hard Winter, 13½ per cent, Feb. 105, March 106 transhipment East Coast. EEC unquoted. Maize: U.S./French Jan. 119, Feb. 121 transhipment East Coast. *French Jan. 117, Feb. 118 East Coast.* S. African White unquoted. S. African Yellow Jan. 82. Barley: English Feed fob Jan. 98, Jan.-March 99.50, April-*June 104.75 East Coast.*

WHEAT Mnth	Yest'rdays close	+ or —	BARLEY Monday's close	+ or —
Jan	96.45	+0.40	93.15	+0.35
Mar.	100.45	+0.15	97.30	+0.25
May	104.80	+0.20	101.50	+0.30
Sept.	97.95	......	94.75	−0.05
Nov.	101.55	......	98.35	......

Business done—Wheat: Jan. 96.60-96.40, March 100.65-100.45, May 105.00-104.80, Sept. 98.10-98.10, Nov. *101.50-101.50.* Sales: 177 lots of 100 tonnes. Barley: Jan. 93.20-93.05, March 97.40-97.30, May 101.65-101.50, Sept. 94.90-94.75, Nov. no trade. Sales: 167 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 93.00, E. Midlands 91.90, N. East 92.00. Other *milling wheat: Eastern 97.00.*

RUBBER

The London physical market opened steadier with good terminal interest *throughout the day, closing on a quiet note.* Lewis and Peat reported a Malaysian godown price of 298 (295.5) cents a kg (buyer, January).

No. 1 R.S.S.	Yest'rdays Close	Previous Close	Business Done
Feb.	69.95-70.50	68.50-68.60	—
Jan-Mar	69.50-71.00	68.90-68.70	—
Apr.-Jne	72.05-72.10	71.60-71.65	72.30-71.60
Jly.-Sept	74.15-74.30	73.15-73.25	74.55-74.00
Oct.-Dec	76.35-76.40	75.40-75.45	76.60-76.25
Jan-Mar	78.65-78.75	77.80-77.85	—
Apr.-Jne	80.90-81.00	80.30-80.35	81.20-82.10
Jly.-Sept	83.30-83.35	82.75-82.80	83.60-83.00
Oct.-Dec	85.35-85.40	84.85-84.95	85.40

Sales: 387 (335) at 15 tonnes.

Physical closing prices (buyer) were: *Spot 68.75p (67.50p); Feb. 68.50p* (67.75p): March 69.50p (68.75p).

SOYABEAN MEAL

The market opened with losses of *50p to £1 on long liquidation and technical selling*, reported T. G. Roddick. Prices continued to climb despite good *commercial selling and finished on* the lows with losses of £1-£2.50.

	Yest'rd'y Close	+ or —	Business Done
	£ per tonne		
February	119.30-20.0	−1.15	120.60-20.00
April	117.80-17.9	−2.25	119.20-18.80
June	116.50-17.0	−3.20	118.00
August	118.10-18.5	−2.95	119.50
October	117.00-17.5	−2.25	118.50
December	119.80-19.9	−1.75	120.50-20.00
February	121.00-22.0	−1.25	122.50

Sales: 115 (24) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar): £179.00 (same) a tonne cif for Jan.-*Feb. shipment. White sugar daily price* was £193.00 (£194.50).

The market opened some 150 points *above re-holiday levels as buying* interest was stimulated by the new record prices paid for precious metals. *and further gains of some 100 points* were recorded during the morning. Later, however, the New York market was aggresively sold off and arbitrage *selling in London caused prices to fall* heavily with losses of over 800 points occurring by the close when quotations *touched the lows of the day before* recovering somewhat, reported C. Czarnikow.

Sugar Pref. Comm. Con.	Yest'rdays Close	Previous Close	Business Done
	£ per tonne		
March	188.25-88.40	184.00-84.25	187.25-79.00
May	181.50-81.75	184.75-84.80	187.75-81.25
Aug	181.25-81.80	185.10-83.40	186.75-81.25
Oct	181.60-81.25	185.10-85.25	186.20-81.00

Sales: 4,794 (2,179) lots of 50 tonnes.

Tate and Lyle ex-refinery price for *granulated basis white sugar* was £304.95 (same) a tonne for home trade and £256.50 for export.

NUMBER 4 CONTRACT—Close (in order buyer, seller only). May 180.50, 181.25; Aug. 179.25, 181.00; Oct. 180.75, 180.90; Jan. 181.00, 184.00; March 182.50, 183.50; May 183.50, 184.00. Sales 213 (42).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 220 tonnes, that being the total for the week so far. Support was again forthcoming in North American qualities, and further purchases took place on forward account.

WOOL FUTURES

SYDNEY GREASY WOOL—*Close (in order buyer, seller, business, sales).* Australian cents per pound. Micron contract: March 448.0, 490.0, 448.0-447.0, 30; May 467.5, 469.0, 469.0-464.5, 105; July 478.0, 480.0, 480.0-474.0, 103; Oct. 477.0, 477.0, 477.0-470.0, 19; Dec. 475.0, 476.0, 476.0-474.0, 36 March 478.0, 480.0, 478.0-478.0, 8; *May 478.0, 480.0, 480.0-*480.0, 1; July 475.0, 482.0, untraded. Sales 302.

LONDON GREASY WOOL—Close (in order buyer, seller only). Pence per *pound: March, May, July, Oct., Dec.,* March, May, July all 232.0, 242.0.

NEW ZEALAND CROSSBREDS—Close (in order buyer, seller only): March, May, July, Oct., Dec., March, May, *July, all 189.0, 198.0.*

PRICE CHANGES

In tonnes unless otherwise stated.

	Jan. 2 1980	+ or —	Month ago
Metals			
Aluminium	£760/70	....	£760/70
Free Mkt (cs)	$1750/1800	....	$1750/80
Copper			
Cash w'bar	£1,047.5	+53	£1020
3 mths	£1,067.5	+59	£1027.5
Cash Cathode	£1,021	+50	£986
3 mths	£1,044	+55.5	£1018.5
Gold troy oz	$567.5	+41	$429
Lead cash	£533	+24	£552
3 mths	£517.5	+27	£533.5
Nickel	£3,260.17	....	£3,066.38
Freemkt(cif)(lb)	270/310c	....	260/285c
Platin'mtr'y oz	£195.0	....	£176.5
Free mkt	£334.80	+26.85	£249.5
Quicksil'ver	$375/380	....	$340/50
Silver troy oz	1793.70p	+346.8	888.20p
3 months	1843.70p	+558.6	914.55p
Tin Cash	£7,490	+80	£7,860
3 mths	£7,305	+110	£7,555
Tungsten	$157.75	....	$142.40
Wolfrm 22.04 cif	$128.50/134	....	$132.5/138
Zinc cash	£345	+16	£334
3 months	£359.5	+20	£342.75
Producers	$780	....	$780
Oils			
Coconut (Phil)	$675r	+5	$885.0r
Groundnut	‡	....	‡
Linseed Crude	£395	....	£411
Palm Malayan	$655s	−5	$652.5
Seeds			
Copra Philip	$570r	+5	$610
Soyabean (U.S.)	$282s	−5	$296.5
Grains			
Barley Futures	£97.50	+0.25	£97.90
Maize			
French No3AM	£119	−1	£116.50s
Wheat			
No. 1 Red Spg.	‡	....	‡
No2 Hard Wint.	£105s	....	£106.75
Eng. Milling†	‡	....	‡
Other commodities			
Cocoa ship't	£1,480	−27.5	£1,657
Future May	£1,425.5	−28	£1,472.5
Coffee Ft'r Mar	£1,581.5	−4	£1,717
Cotton A.index	85.85c	....	81.25c
Rubber (kilo)	68.75p	+1.25	65.80p
Sugar (Raw)	£179	....	£173
Wooltp's 64s kl	276p kilo	....	275p kilo

* Nominal. † New crop. ‡ Unquoted. r Jan./Feb. s Feb. z Indicator. § Buyer.

MEAT/VEGETABLES

SMITHFIELD—pence per pound—Beef: Scotch killed sides 65.0-70.0, Eire Hd. qtrs. 82.0-84.0, F. qtrs. 47.0-49.0. Lamb: English Small 58.0-68.0, *Medium 56.0-64.0,* Heavy 46.0-58.0, *Scotch Medium 50.0-60.0, Heavy 44.0-*56.0, Imported Frozen—N.Z. PL 51.0-52.0. Pork: English, under 100 lb 41.0-50.0; 100-120 lb 40.0-48.0, 120-160 lb *39.0-48.0.*

COVENT GARDEN—*Prices in sterling* per package except where otherwise stated: Imported Produce: Oranges—Spania: Navel/Navelinas 3.60-4.20; *Jaffa: Navels/ Shamoutis 50/189s 2.90-*5.25; Greek: 2.80-3.20; *Moroccan: 4.20-*4.40; Egyptian: 2.50-2.80. Satsumas—Spania: 95/198s 3.40-4.00. Clementines—*Moroccan: 2/7s 3.20-4.00; Cyprus:* 126/162 3.20-3.40; *Corsican: 2.50-3.30.* Lemons—Italian: 100/150s 5.00-5.30; Cyprus: 11-kg 84/120 3.80-5.20; 5-kg 45/55 2.20-2.50. Grapefruit—Cyprus: 2.80-3.40; *20-kg 4.00-4.60; Jaffa: 2.50-*3.00; Florida: Pink flesh 36/48s 6.00-6.20. Sours/Bitters—Seville: approx. 20-kg 4.70-4.80. Apples—French: *Golden Delicious, boxes 40-lb 138/175* 3.80-4.80; 20-lb 72/84s 2.00-2.70; *Granny* Smith 20-lb 72/84s 2.40-3.00. 40-lb 125/175s 4.50-5.40, Starkcrimson, approx. 20-lb 72s 2.60, 40-lb 5.80-6.30; Hungarian: Starking 40-lb 128s 5.80; Canadian: Red Delicious 40-lb 9.00-10.00; Italian: Granny Smith 20-lb, per pound 0.10. Peaches—S. African: 23/25/28s 3.20-3.60. *Grapes—Spanish:* Almeria 2.80-3.40, Black 3.80; Californian: Red Emperor, per pound 0.55. Bananas—Jamaican: Per 28-lb 4.80. Avocados—Canary: 5.00; *Israeli: 4.00-*4.40. Melons—Spanish: Green 6.00. 15-kg Green 8/16s 12.00. Pineapples—Ivory Coast: Each 0.40-1.00. Onions—Spanish: 5.50-6.00; *Dutch: 2.70-2.80.* Tomatoes—Spanish: 4.00-5.00; *Canary:* 4.00-5.00. Cucumbers—Canary: 10/16s 3.60-4.00; Spanish: 2.50; Greek: 2.00. Capsicums—Per pound Canary: 0.35; *Ethiopian: 0.35.* Cauliflowers—*French:* 24s 6.00; Jersey: 7.50. Potatoes—Italian: Boxes 20-lb 2.80. Dates—Tunisian: 30s per box 0.36-0.42; Californian: *Per pound* 0.30-0.31. Walnuts—Chinese: Per pound. dry 30 mm 0.32-0.33; Californian: Per pound Jumbo 0.50. Filberts—Per pound 0.39-0.40. *Brazils—CWM per pound 0.24-*0.26, Medium 0.20-0.22. Pecan Nuts—Per pound 0.65.

English Produce: Potatoes—Per bag 2.40-3.20. *Lettuce—Per 12, round 2.20-*2.40. Mushrooms—Per pound 0.50-0.70. Apples—Per pound Bramley 0.08-0.15, Cox's Orange Pippin 0.06-0.15, Russets *0.10-0.12, Laxtons 0.07-0.09, Spartans* 0.11-0.12. Pears—Per pound Conference 0.09-0.14, Comice 0.16-0.18. Swedes—Per 25/28-lb 0.90-1.00. *Parsnips—Per 28-lb* 2.60-2.80. Turnips—*Per 28-lb* 1.20-1.40. Cauliflowers—12s Kent 5.00. Rhubarb—Per pound, forced 0.22-0.23. Sprouts—Per pound 0.10-0.12. Cabbages—Per bag 1.50. *White cabbage 1.80. Onions—Per bag* 2.40-2.80. Carrots—Per bag 1.40-1.60. Beetroots—Per bag 1.30.

AMERICAN MARKETS

NEW YORK, January 2.

GOLD AND silver prices finished limit up with many orders not filled. Copper also benefited from the unsettled international situation and finished limit up. *Sugar has traded sharply lower still* in anticipation of larger ISA quotas to be declared in London this week. Trade selling and comission house *liquidation brought prices for coffee* and cocoa sharply lower. Cotton continued its recent advances on steady trade buying. Grains and soyabeans weakened towards the *end of the* trading day and all finished lower except near-by soyabeans on rumours *that the U.S. Government is actively* considering suspension of grain exports to the USSR. The livestock complex rebounded strongly on anticipation *of a seasonal recovery in demand*, Heinold reported.

Copper—Jan. 109.50-110.00 (103.50), Feb. 109.40 (104.40), March 110.20, May 109.75, July 109.75, Sept. 109.60, Dec. 110.50, *Jan. 110.80, March 111.50,* May 112.00, July 112.50, Sept. 113.00.

Potatoes (round whites)—March 62.8 (62.3), April 68.8 (68.5), May 79.4-79.5, *Nov. unquoted. Sales: 539.*

¶Silver—Jan. 3870.0-3895.0 (3445.0), Feb. 2971.0 (2871.0), March 3005.0, May 3048.0, July 3089.0, Sept. 3129.5, *Dec. 3191.0, Jan. 3210.2, March 3249.2,* May 3288.2, July 3327.2, Sept. 3366.2. Sales: 10,200. Handy and Harman bullion spot 3775.0.

Tin—788.00-795.00 asked (770.00-780.00).

CHICAGO, January 2.

Lard—Chicago loose 22.50 (22.25). New York prime steam unavailable.

Live Cattle—Jan. 68.15 (68.27), Feb. 71.55-71.32 (70.67), April 73.80-74.00, June 75.40-75.55, Aug. 75.20-75.30, Oct. 73.90, Dec. 74.70, Jan. unquoted.

Live Hogs—Feb. 43.17-43.17 (41.57), April 41.65-41.65 (40.15), June 45.47, July 46.70, Aug. 45.45-45.35, Oct. 44.10, Dec. 45.30-45.50, Feb. 47.50, April 46.20.

‡‡Maize—March 286¼-286¾ (289¼), *May 298¾ (301), July 308-307¾,* Sept. 311¾-312, Dec. 314½-314¾, March 326½.

Pork Bellies—Feb. 48.65 (46.65), March 49.55 (47.55), May 51.50, July 52.92, Aug. 52.75.

Silver—Jan. 2900.0 (3400.0), Feb. 3015.0 (2895.0), March 3215.0, April 3068.5, June 3114.5, Aug. 3155.0, Oct. 3195.5, Dec. 3136.0, Feb. 3276.5, April 3316.9, June 3357.2, Aug. 3397.4, Oct. 3437.5, Dec. 3477.5, Feb. 3517.4, April 3557.2, June 3596.9, Aug. 3636.5.

‡Soyabeans—Jan. 642-641 (641¼), March 664-663 (664¾), May 685-685½, July 705-704½, Aug. 713-714, Sept. 717½, Nov. 727, Jan. 742.

‖Soyabean Meal—Jan. 182.80-183.20 (182.80), March 185.30-185.50 (185.50), *May 189.30, July 194.00-194.20,* Aug. 196.00, Sept 198.50, Oct. 200.00-200.20, Dec. 202.20, Jan. 203.70, March —.

Soyabean Oil — Jan. 23.60-23.55 (23.78), March 24.15-24.12 (24.18), May 24.45-24.55, July 24.80-24.85, Aug. 25.00-25.05, Sept. 25.15-25.25, Oct. 25.40, Dec. 25.60-25.65, Jan. 25.60, March 25.70-25.80.

‡Wheat—March 446-445 (454¾), May 454-453½ (462¾), July 459½-459, Sept. 471½, Dec. 490, March 510.

WINNIPEG, January 2. §Barley—*March 121.70 (121.60), May 121.30* (121.10), July 119.00, Oct. 114.00.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 242.95.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ *per short ton* (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. ft. ‡ Cents per *dozen.*

EUROPEAN MARKETS

ROTTERDAM, January 2.

Wheat—U.S. Two Dark Hard Winter wheat 13.5 per cent Feb. $216, March $218. U.S. *Hard Winter wheat ordinary* unquoted. U.S. No. Two Red Winter wheat Feb. $200, March $202. U.S. No. Two Northern Spring wheat 14 per cent Jan. $213, Feb. $217.50, March $220, April-May, May-June $205.

Maize—U.S. No. Three Yellow afloat $138, Jan. $138, Feb. $141.50, March $145.50, April-June $149.50, July-Sept. $153, Oct.-Dec. $155.

Soyabeans—U.S. Two Yellow Gulfports afloat $268, Jan. $269, Feb. $276.50, March $279.25, April $284, May $286, June $292, July $293.50, August $297.75, Sept. $298.50, Oct. $300, Nov. $299, Dec. 304.50. Brazil Yellow faq unquoted. Argentine May $281.50, June $284.25, July $285.25, August $289 sellers.

Soyameal—44 per cent protein U.S. afloat $252, Dec. $250 traded, afloat $253, Dec. $251, Jan.-March $246, April-Sept. $248 sellers. Brazil Pellets Dec. $253, Feb. $259.50, March $247, April-May $246, April-Sept. $251 sellers.

PARIS, January 2.

Cocoa (FFr per 100 kilos)—March 1,275-1,278, May 1,280-1,285, July 1,260, Sept. 1,300-1,330, Dec. 1,310-1,335, March 1,320-1,340. Sales at call 11.

INDICES

FINANCIAL TIMES

Dec 31	Dec. 28	M'nth ago	Year ago
29.513	301.09	297.22	257.69

(Base: July 1, 1952=100)

MOODY'S

Dec. 31	Dec. 28	M'nth ago	Year ago
—	1299.9	1205.9	976.4

(December 31, 1931=100)

DOW JONES

Dow Jones	Dec. 31	Dec. 28	Month ago	Year ago
Spot	419.13	421.83	418.87	364.71
F'tur's	423.05	426.69	426.87	383.58

(Average 1924-25-26=100)

REUTERS

Jan. 2	Dec. 31	M'nth ago	Year ago
1710.6	1701.2	1705.1	1492.0

(Base: September 18, 1931=100)

CORAL INDEX: Close 404-409 (−5)

INSURANCE BASE RATES

† Property Growth	13½%
† Vanbrugh Guaranteed	14.5%

† Address shown under Insurance and Property Table.

EUROPEAN OPTIONS EXCHANGE

Series		Jan. Vol.	Jan. Last	April Vol.	April Last	July Vol.	July Last	Stock
ABN C	F.310	—	—	1	16.50	—	—	F.315
ABN C	F.320	—	—	7	11.50	—	—	”
ABN C	F.330	5	0.50	—	—	—	—	”
ABN C	F.340	—	—	1	3.50	—	—	”
ABN C	F.350	—	—	2	1	—	—	”
AKZ C	F.25	—	—	3	1.40	15	2.10	F.23.30
AKZ C	F.27.50	8	0.10	8	0.80	—	—	”
AKZ C	F.30	—	—	1	0.30	—	—	”
AKZ C	F.25	10	1.70	—	—	—	—	”
AKZ P	F.27.50	1	4	—	—	—	—	”
ARB C	F.70	—	—	1	1.20	—	—	F.66
BG C	F.240	—	—	10	6	—	—	F.224
CSF C	F.440	—	—	2	22	—	—	F.451
EK C	$45	10	3¼	—	—	—	—	$47⅝
HO C	F.20	—	—	—	—	10	4.40	F.21.50
HO C	F.22.50	—	—	15	1.50	11	2.70	”
HO C	F.25	10	0.10	—	—	—	—	”
KLM C	F.70	45	4	5	7.50	15	9.50	F.72.30
KLM C	F.80	46	0.40	26	2.90	10	5.10	”
KLM C	F.90	—	—	3	1	—	—	”
KLM C	F.100	—	—	40	0.50	—	—	”
KLM C	F.110	20	0.10	10	0.20	—	—	”
KLM P	F.70	31	1	1	3.60	—	—	”
KLM P	F.80	32	7.80	10	8.50	17	10	”
NN C	F.115	2	5.50	—	—	—	—	F.118.80
NN C	F.120	10	1.50	—	—	—	—	”
NN C	F.125	—	—	20	3.30	—	—	”
PET C	Fr.5600	4	200	—	—	—	—	Fr.5520
PET C	Fr.6000	—	—	7	200	—	—	”
PHI C	F.20	—	—	—	—	7	2.30	F.20.80
PHI C	F.22.50	—	—	11	0.90	19	1.20	”
PRD C	$25	—	—	2	4⅛	—	—	$28
RD C	F.150	60	2	7	7.20	10	9	F.148
RD C	F.160	104	0.20	32	3.10	—	—	”
RD P	F.145	4	0.50	—	—	—	—	”
RD P	F.150	19	2.90	1	4	—	—	”
RD P	F.160	30	11.70	—	—	—	—	F.114.70
UNI C	F.115	10	1.70	—	—	—	—	
		Feb.		May		Aug.		
BA C	$40	—	—	20	—	—	—	$50¾
BA C	$50	—	—	20	12¼	—	—	”
OXY C	$30	—	—	1	5¼	—	—	$27⅛
SLB C	$90	4	7¾	—	3¼	—	—	$93¼
		March		June		Sept.		
GM C	$50	10	½	—	—	—	—	$50⅛
TOTAL VOLUME IN CONTRACTS						950		

C=Call P=Put

Currency hedge stocks spurred by leap in gold price
Gilts and leading shares overshadowed by steel strike

Account Dealing Dates
Options

*First Dealings	Declara-tions	Last Dealings	Account Day
Dec. 10	Dec. 20	Dec. 27	Jan. 7
Dec. 28	Jan. 10	Jan. 11	Jan. 21
Jan. 14	Jan. 24	Jan. 25	Feb. 4

* "New time" dealings may take place from 9.30 am two business days earlier.

Currency hedge stocks once again dominated stock markets yesterday with the international political scene still soured by events in Afghanistan and Iran. The start of the national steel strike also adversely affected sentiment in Government stocks and leading industrials, although business in both the main sectors was below average.

After advancing by over $300 an ounce during 1979 and having breached the $500 mark only last Friday, the gold price yesterday leapt a further $41 to a London record of $567.50, and the FT Gold Mines index followed with a jump of 19.9 to 288.5—its highest since September 16, 1975. Other mining and energy issues were caught up in the mood with Australian stocks again making good headway.

A broad list of losses reaching, and sometimes exceeding, a full point was registered in Gilt-edged securities before a small late rally developed. The strikebound steel industry caused a further dimming of recent hopes about an early cut in Minimum Lending Rate, a factor which weighed particularly on the short end of the market.

The threat of widespread industrial disruption posed by the steelworkers' action had only a limited effect on equity values in the early dealings. But relatively sharp falls in engineering and allied concerns likely to be the first to suffer from a steel shortage gradually spread the gloom and, with potential buyers still electing to stay on the sidelines, falls in FT-quoted industrials finally outnumbered rises by five-to-one.

Overall, losses rarely exceeded a couple of pence, but the FT 30-share index took in several falls ranging from 6p to 9p and this measure of the market came back 7.2 to 407.0—only a shade above its 1979 low. Gloomy comment on electronic and contracting prospects undermined sentiment in the sectors, while housebuilders and property issues wilted on lessened optimism about lower interest rates.

Traded options began the year more active than of late. A total of 610 contracts were completed, the highest since mid-December. The soon-to-expire January series attracted a useful business and Land Securities, 150 trades, and GEC, 157, were well to the fore, while the record gold price resulted in 133 deals being arranged in **Cons. Gold Fields.**

Shares of **SASOL**, the South African-based oil concern, were included in the hedging demand for mining and energy stocks and closed 8 up at 159p. Other Recently-issued equities were neglected.

Bowring down

News that **C. T. Bowring** has taken legal action in an attempt to stave off the takeover approach by Marsh and McLennan left Bowring's shares 7 down at 128p. Elsewhere, Composites drifted lower on lack of support; **Royals** declined 8 to 320p and **General Accident** 6 to 214p, while **Commercial Union**, 135p, and **Eagle Star**, 150p, cheapened 3 apiece.

Marked a few pence lower at the outset, the major clearing banks eased further on sporadic offerings and lack of support. **Barclays** fell 12 to 414p as did **NatWest**, to 338p, while **Midland** gave up 8 to 332p and **Lloyds** 6 to 296p. The withdrawal of speculative support prompted a fall of 12 to 120p in **Grindlays**, and **Antony Gibbs** declined 4 to 70p on profit-taking ahead of further news of the bid approach from Hong Kong and Shanghai Banking. **Hambros** dipped 6 to 282p. Hire Purchases gave ground as hopes of an early fall in interest rates faded; **Wagon Finance** eased 2 to 32p as did **UDT**, to 36p.

Demand for Breweries remained at a low ebb and the leaders drifted a penny or so easier for want of attention. Among regional issues, an investment recommendation helped **Morland** to a gain of 3 at 90p, but a similar mention failed to inspire **Matthew Brown**, which eased a couple of pence to 128p. With the exception of **Tomatin**, 2 up at 194p, Wines and Spirits closed a shade weaker. **Arthur Bell** declined 2 to 176p, while **Distillers** gave up a like amount at 192p. **Luis Gordon**, at 50p, lost 2 of Monday's gain of 6 which followed favourable Press comment.

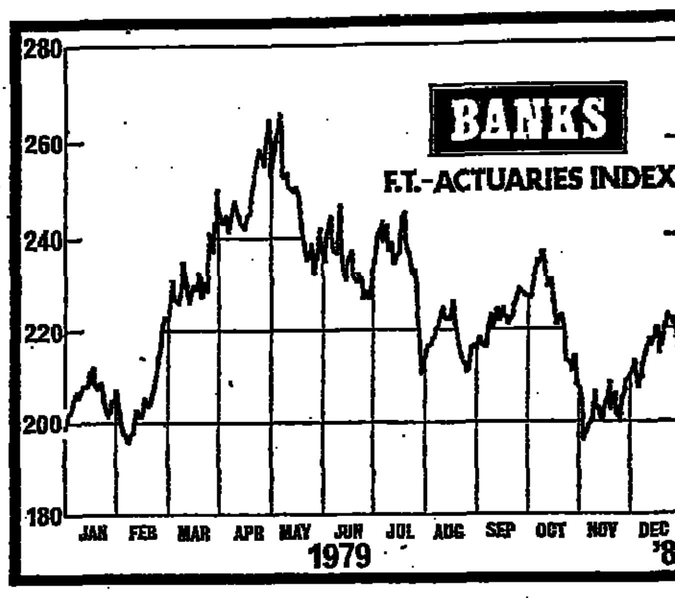
Unsettled by fears of a lengthy spell of high interest rates and adverse Press mention, the Building sector made a quietly dull showing. **Taylor Woodrow** met selling and gave up 11 to 317p, while **Costain** eased 4 to 128p and **Higgs and Hill** 2 to 59p. **Blue Circle**, 238p, and **Tarmac**, 136p, reacted 4 and 2 respectively. Smaller-priced issues to record losses of 2 included **M. J. Gleeson**, 33p, and **T. Warrington**, 38p. Against the trend, **Burnett and Hallamshire** gained 10 to 480p.

ICI held up relatively well in Chemicals, closing only a penny cheaper at 353p.

Ratners better

With the exception of **Ratners**, which improved 3 to 48p, Stores displayed an easier bias. Lack of support left **Burton "A"** 6 lower at 22[illegible]p and **Gussies "A"** a couple of pence off at [illegible]. [illegible] gave up 5 to 15[illegible]p, while falls of 3 were seen in **B. and Q.** [illegible], 95p, **MFI Furniture**, 70p, and **Status Discount**, 50p. In [illegible], **Footwear Industry Invest[illegible]** eased 2 to 48p; the company is to close loss-making factories in London and [illegible] as soon as possible.

The forecast of a sharp fall in [illegible] marked dullness in selective Electrical issues. Additionally affected by adverse comment, **Thorn** were vulnerable to scattered offering which found the market unwilling; the shares fell to 262p, before staging a late rally to close 6 down on balance at 266p. **GEC** finished a similar amount cheaper at 326p, while **Plessey** gave up 4 to 108p and **Racal** fell 8 to 175p. Outside of the leaders, falls of 6 were recorded in **Farnell**, 228p, **Kode**, 200p, and **STC**, 236p. **Electrocomponents** gave up 8 to 430p and **Ferranti** 5 to 400p.



Fears about the possible repercussions from a prolonged steel strike took its toll on the Engineering leaders, with **GKN**, 238p, down 9, again particularly vulnerable to selling. **Hawker** fell 6 to 174p and falls of around 3 were recorded in **John Brown**, 51½p, and **Vickers**, 102p. **Tubes** eased 4 to 252p. Secondary issues passed an extremely quiet session, but the trend was to lower levels. **Babcock** gave up 4 to 98p and **APV** ended similarly cheaper at 173p. **Brockhouse** eased 3 to 50½p, while falls of around 2 were marked against **600 Group**, 59p, **Birmid Qualcast**, 33p, and **James Neill**, 44p. Against the trend, revived buying interest prompted a gain of 4 to [illegible]p in **Mining Supplies.**

Leading Foods reflected the general tone of the market and closed with modest falls. **Associated Dairies** lost 4 to 162p, while **J. Sainsbury** shed a like amount to 283p. **Tate and Lyle** eased 2 to 144p, while **Northern** gave up 3 to 107p. A rare firm spot was provided by **Rowntree Mackintosh** which added a couple of pence to 162p. Secondary counters also tended to lower levels, **Avana** fell 4 to 94p, while [illegible], 130p, and **Bernard Matthews**, 247p, eased 3 apiece.

Hotels also displayed dullness with **Trusthouse Forte** 3 off at 132p and **Grand Metropolitan** a couple of pence lower at 125p.

Miscellaneous industrial leaders started the year in a dull mood. Still concerned about the Russian presence in Afghanistan and the start of the steel strike, potential investors were again content to sit on the sidelines and prices drifted lower on lack of support. **Metal Box**, which could be particularly hard hit by a prolonger steel stoppage, lost 8 to 226p. **Bowater**, 145p, and **Reed International**, 165p, fell 6 and 5 respectively, while **Turner and Newall** gave up 4 to 121p. Elsewhere, **Broken Hill Proprietary** rose 15 more to 610p in further response to an investment recommendation, while **Dobson Park Industries** hardened 1½ to 93½p for a similar reason. Up 6 on Monday following the announcement that John Baker had acquired a 21 per cent stake in the company, **Tebbitt** improved further to touch a year's peak of 16p before reacting to finish unaltered on balance at 14p. **De La Rue** came on offer at 542p, down 13, while **Booker McConnell** cheapened 10 to 250p and **ICL** dipped 8 to 450p. **Grimshawe** fell 5 to 60p and similar falls were seen in **Bath and Portland**, 41p, **Hawkins and Tipson**, 30p, **Huntleigh**, 70p, and **Silentnight**, 51p. Standing a penny easier at 5p, **E.C. Cases** were suspended at that level at the request of the company; a receiver is to be appointed. The Hong Kong-based **Steelux Manufacturing** were unchanged at 25p following news that the company has sold its 52 per cent stake in its property subsidiary, Mai Hon Enterprises for HK$ 487m.

Fears that the nationwide steel strike could prove to be a drawn-out affair resulted in a dull tone among Motor sectors. Distributors generally ended with small falls; **Appleyard**, 63p, **Henlys**, 92p, **Godfrey Davis**, 117p, and **Hartwells**, 68p all lost 2, while **BSG** slipped 1½ to 27½p. Press comment, however, prompted a gain of 2 in **British Car Auctions**, 52p, while speculative favourite **Caffyns** rose a similar amount to 132p.

Among easier Newspapers, **News International**, 135p, and **Daily Mail A**, 433p, fell 3 and 7 respectively, while **United** shed 3 to 350p. Elsewhere, profit-taking clipped 3 from **William Collins**, 110p.

With interest rates probably forced to stay at current record levels pending developments in the steel industry dispute, Properties moved lower on lack of buying. **Land Securities** lost 6 to 248p and **MEPC** declined 5 to 161p, while **Great Portland Estates** closed a like amount off at 190p.

Oils traded on an extremely quiet note and final quotations presented a mixed appearance. Among the leaders, **British Petroleum** held up well until the late dealings when U.S. influences left the price a few pence easier on the day at 344p. **Shell** drifted lower to close 6 cheaper at 320p. Elsewhere, **Siebens (UK)** gave up 12 to 404p, while **CCP North Sea** lost 7 to 217p and **Gas and Oil Acreage** 10 to 270p. On the other hand, scattered buying interest lifted **Ultramar** 4 to 422p and **Cluff** 10 to 400p.

Contrasting movements among Overseas Traders were provided by **Lonrho**, 3 up at 85p, and **S. and W. Berisford**, 9 off at 147p. Both companies are due to announce annual results later in the month.

Trusts recorded scattered losses of a penny or so, but **M and G Group**, in Financials, continued to benefit from Press mention and rallied 2 further to 138p.

Graig, up 30 at 830p, provided the sole worthwhile movement in Shippings.

Golds surge ahead

Mining markets began the New Year with a burst of strength as the unprecedented upsurge in precious metal prices led to widespread and heavy demand for Golds, Diamonds, Silver producers and Platinums. Base-metal miners also attracted a welter of buying as metal prices on the London Metal Exchange registered substantial improvements.

A record $41 rise in the bullion price to a peak $567.50 an ounce prompted jobbers to mark up Golds at the outset. Thereafter, they moved further ahead as large buying developed from all international centres, but notably the Continent.

Heavyweights showed rises of up to £3 with "**Amgold**" that amount up at £37. Gains of £2 and more were seen in **Durban Deep**, £11½, **East Rand Proprietary**, £13½, and **Vaal Reefs**, £29½. **West Driefontein** added £1½ at £32½, **Western Deep** the same amount to £16½, **Hartebeest** £1¼ to £25½ and **Buffels** £1¼ to £14¾.

In the medium and lower-priced issues, **Libanon** put on 54 to 729p, **Harmony** 110 to 785p, **Deelkraal** 26 to 289p and **South African Land** 27 to 197p.

The Gold Mines index advanced 19.9 to 288.5—its highest level since September 16, 1975, when the bullion price was trading around $147.

Financials were highlighted by **Anglo American Corporation** which rose 140 to 720p following heavy buying from the Continent. **Union Corporation** advanced 55 to 605p, **GFSA** ¾ to £28¾ and **Minorco** 13 to 320p. **De Beers** put on 32 to 455p. In London-based Financials, **Tanks** rose 22 more to 272p, **Gold Fields** 13 to 398p, after a 1979-80 high of 400p, **RTZ** 15 to 342p, **Selection Trust** 14 to 600p.

Platinums were heavily bought throughout the day and made further strong progress in the after-hours' trade. **Rustenburg** jumped 35 to 246p, **Impala** put on 33 to 273p and **Lydenburg** rose 9 to 142p. Among Coppers, **ZCI** climbed 9 to 48p and **Roan Consolidated** 35 to 255p.

Australians moved sharply higher across the board with trading reported as very busy throughout the day. **Gold Mines Kalgoorlie** closed 11 higher at 198p, while **Poseidon** added a like amount at 124p and **North Kalgurli** 3½ at 48p. **MIM Holdings**, Australia's leading silver producer touched a 1979-80 high of 232p for a net gain of 22.

Diamonds continued to improve with **Conzinc Riotinto** 16 firmer at 268p. **Northern Mining** 8 up at 165p and **Ashton Mining** 9 to the good at 167p. Other diamond exploration issues showed **Paringa** another 5 better at 67p and **Samantha** 7 higher at 5[illegible]p. The recent surge forward by **Leonard Oil** continued and the shares ended 16 up at 80p.

LONDON TRADED OPTIONS

Option	Ex'rcise price	January Closing offer	January Vol.	April Closing offer	April Vol.	July Closing offer	July Vol.	Equity close
BP	375	4	—	11	4	—	—	346p
BP	400	1	10	7	10	—	—	"
Com. Union	140	3	10	9	—	14	—	136p
Cons. Gold	330	72	17	83	1	101	—	398p
Cons. Gold	360	42	34	63	9	83	—	"
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FINANCIAL TIMES STOCK INDICES

	Jan. 2	Dec. 31	Dec. 28	Dec. 27	Dec. 24	Dec. 21	A year ago
Government Secs.	64.81	65.10	65.49	65.46	65.48	65.40	68.60
Fixed Interest	65.61	65.93	65.99	65.99	66.05	66.02	70.50
Industrial	407.0	414.2	417.8	414.7	417.6	419.6	471.0
Gold Mines	288.5	268.6	270.0	276.4	262.2	256.6	158.0
Ord. Div. Yield	7.96	7.84	7.77	7.83	7.79	7.74	6.11
Earnings, Yld. % (full)	19.81	19.51	19.33	19.49	19.38	19.27	16.03
P/E Ratio (net) (*)	6.22	6.31	6.37	6.32	6.35	6.39	8.31
Total bargains	14,059	12,564	14,397	8,945	6,926	13,967	—
Equity turnover £m	—	40.37	42.53	39.90	25.17	70.66	39.15
Equity bargains total	—	8,106	6,900	6,911	4,621	10,963	7,712

10 am 412.9. 11 am 411.4. Noon 408.6. 1 pm 408.0.
2 pm 407.6. 3 pm 406.5.
Latest Index 01-246 8026.
*Nil=6.00.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979/80 High	1979/80 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	63.30 (10/12)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	64.06 (15/11)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	406.5 (15/11)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	288.5 (2/1/80)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 2	Dec. 31
—Daily		
Gilt Edged	89.6	95.8
Industries	66.8	59.5
Speculative	67.0	39.7
Totals	47.1	48.3
5-d'y Av'ge		
Gilt Edged	71.7	73.3
Industries	46.9	47.5
Speculative	26.4	24.5
Totals	35.6	37.1

NEW HIGHS AND LOWS FOR 1979/80

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979-80.

NEW HIGHS (58)

AMERICANS (1)
Asarco

ELECTRICALS (1)
Perkin-Elmer 4pc

INDUSTRIALS (1)
Tebbitt

PAPER (1)
Cradley Printing

PROPERTY (1)
HK Land

SHIPPING (1)
Common Brothers

SOUTH AFRICANS (2)
Greatermans A
S.A. Breweries

OIL & GAS (2)
Cluff Oil
Woodside

MINES (48)
Durban Deep, East Rand Prop., West Rand, E.R.G.O., Kinross, Leslie, South African Land, Wit. Nigel, Deelkraal, Elsburg, Vaal Reefs, Venterspost, Western Areas, Western Deep, Zandpan, F.S. Saaiplaas, Harmony, Loraine, Anglo American, Anglo Am. Gold, Charter Cons., Cons. Gold Fields, Gold Fields S.A., Jo'burg Cons., Minorco, New Wit., Selection Trust, Tanks Cons., Union Corp., Impala Plat., Lydenburg Plat., Rustenburg Plat., [illegible]

NEW LOWS (73)

BRITISH FUNDS (5)
Exchqr. 13¼pc '87, Treas. 7¾pc '85-88, Treas. 12¾pc 1992, Treas. 12pc 1995, Exchqr. 10¼pc '95, [illegible]

AMERICANS (1)
Eaton Corp.

BEERS (1)
Distillers

BUILDINGS (6)
Costain, Fairclough Cons., Fed. Land Bldg., Laing (J.) A, Richards Wallington, Taylor Woodrow, [illegible]

STORES (4)
Aquascutum A, Maple, [illegible]

ELECTRICALS (2)
AB Electronic, Thorn Elec.

ENGINEERING (10)
Acrow, Babcock Int., Brown (John), Eva Inds., Neill (James), [illegible]

FOODS (1)
Bassett (George)

HOTELS (1)
Ladbroke

INDUSTRIALS (10)
Braby Leslie, British Syphon, Celestion, Change Wares, E.C. Cases, [illegible]

LEISURE (2)
Fairline Boats, LWT A

MOTORS (3)
York Trailer, Braid, Henlys

PAPER (2)
BPC, Chapman (Balham)

SHOES (1)
Footwear Inv.

TEXTILES (8)
Coats Patons, Courtaulds, Ingram (H.), Leeds Dyers, [illegible]

TOBACCO (2)
BAT Inds., [illegible]

TRUSTS (1)
General Funds Conv.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	1	82	4
Corpns. Dom. and Foreign Bonds	4	32	30
Industrials	87	444	872
Financial & Prop.	27	184	287
Oils	14	16	13
Plantations	1	2	19
Mines	105	3	39
Others	45	40	76
Totals	280	802	1,340

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed., Jan. 2, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon., Dec. 31 Index No.	Fri., Dec. 28 Index No.	Thurs., Dec. 27 Index No.	Mon., Dec. 24 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	210.00	−1.6	20.52	7.34	6.17	213.41	214.49	213.38	214.49	234.29
2	Building Materials (27)	195.99	−1.1	20.06	7.64	6.40	198.19	198.21	198.12	199.18	206.12
3	Contracting, Construction (29)	317.97	−2.1	29.02	7.54	4.27	324.73	325.10	325.28	328.99	361.89
4	Electricals (15)	539.56	−1.8	14.95	4.60	8.92	549.67	554.54	548.38	550.53	546.22
5	Engineering Contractors (11)	285.25	−0.8	27.19	8.97	4.70	287.68	289.73	290.65	292.99	357.58
6	Mechanical Engineering (74)	147.71	−1.4	22.53	8.70	5.53	149.78	150.29	149.32	150.15	183.82
8	Metals and Metal Forming (16)	141.95	−2.0	23.46	10.70	5.14	144.90	146.18	146.07	146.40	162.75
11	CONSUMER GOODS (DURABLE) (50)	186.58	−2.0	19.25	6.51	6.40	190.39	192.48	191.89	193.17	210.39
12	Lt. Electronics, Radio, TV (15)	249.72	−2.5	15.56	5.14	8.20	256.13	259.46	258.89	261.28	266.35
13	Household Goods (14)	114.00	−2.1	26.55	9.50	4.56	116.40	115.49	116.72	117.22	165.93
14	Motors and Distributors (21)	102.80	−0.8	26.10	8.99	4.52	103.62	104.74	103.86	103.97	121.62
21	CONSUMER GOODS (NON-DURABLE) (173)	201.70	−1.0	19.78	7.45	6.24	203.74	204.31	204.48	205.84	210.15
22	Breweries (14)	250.53	−0.9	17.45	6.98	6.74	252.84	253.03	252.84	252.95	232.38
23	Wines and Spirits (6)	290.31	−1.0	18.52	6.31	6.66	293.13	295.65	298.25	298.45	285.71
24	Entertainment, Catering (17)	269.49	−1.4	19.60	7.33	6.62	273.46	273.73	272.72	271.89	273.27
25	Food Manufacturing (19)	188.85	−0.7	21.07	7.70	5.82	190.18	190.93	190.95	191.32	202.53
26	Food Retailing (15)	289.88	−1.4	14.21	4.89	8.41	294.08	291.92	292.96	293.65	231.21
32	Newspapers, Publishing (12)	381.40	−0.7	24.89	7.64	5.55	384.20	385.03	380.66	379.42	371.03
33	Packaging and Paper (15)	111.96	−2.9	26.52	10.14	4.86	115.25	116.56	116.88	117.44	133.28
34	Stores (43)	189.65	−0.8	16.23	5.97	7.96	191.17	191.38	191.33	192.59	195.38
35	Textiles (23)	124.31	−1.0	29.26	13.00	4.34	125.57	125.97	126.14	126.34	180.68
36	Tobaccos (3)	197.98	−0.5	28.79	11.26	3.92	198.97	201.44	202.42	202.98	236.05
37	Toys and Games (6)	47.17	−0.9	34.70	15.18	3.64	47.59	47.59	47.10	47.46	91.65
41	OTHER GROUPS (98)	185.81	−0.7	16.84	7.23	7.23	187.18	188.19	187.01	188.09	196.61
42	Chemicals (18)	276.84	−0.3	17.61	7.20	6.56	277.71	281.05	278.59	280.80	278.28
43	Pharmaceutical Products (7)	192.35	−0.9	13.24	6.64	9.21	194.03	195.40	194.12	195.83	248.35
44	Office Equipment (6)	103.52	−0.2	19.28	8.15	6.47	103.77	104.61	103.12	103.81	131.01
45	Shipping (10)	423.08	−0.2	12.52	7.63	10.19	424.10	422.21	413.31	413.05	408.18
46	Miscellaneous (57)	216.02	−1.3	18.19	7.29	6.97	218.77	218.65	218.75	219.48	211.54
49	INDUSTRIAL GROUP (493)	205.30	−1.2	19.21	7.30	6.45	207.70	208.64	208.08	208.99	219.64
51	Oils (7)	689.27	−1.0	16.34	6.93	6.61	696.39	702.09	689.14	695.21	510.47
59	500 SHARE INDEX	243.53	−1.1	18.60	7.22	6.48	246.30	247.61	246.12	247.43	243.80
61	FINANCIAL GROUP (117)	178.88	−1.9	—	6.18	—	182.36	182.88	181.87	182.61	170.95
62	Banks (6)	214.33	−2.7	38.80	6.07	3.29	220.33	222.52	220.06	222.16	202.17
63	Discount Houses (10)	219.30	—	—	9.04	—	219.30	218.71	217.80	218.05	218.62
64	Hire Purchase (5)	163.24	−1.3	21.70	5.83	5.83	165.33	164.51	166.21	167.02	165.83
65	Insurance (Life) (10)	155.31	−0.7	—	6.77	—	156.38	155.64	155.09	154.81	135.30
66	Insurance (Composite) (8)	119.23	−2.0	—	8.17	—	121.67	121.42	121.25	121.94	124.54
67	Insurance Brokers (10)	263.00	−1.7	18.96	7.42	7.54	267.55	266.51	266.86	267.48	310.08
68	Merchant Banks (14)	88.83	−1.0	—	6.70	—	89.75	90.09	89.96	89.83	78.26
69	Property (44)	310.60	−1.9	4.25	3.46	33.74	316.73	318.61	316.72	317.08	270.94
70	Miscellaneous (10)	120.11	−1.1	15.82	7.54	8.22	121.39	121.17	119.78	119.94	113.46
71	Investment Trusts (109)	191.88	−0.3	—	6.39	—	192.49	192.65	191.75	192.43	203.96
81	Mining Finance (4)	168.69	+4.2	13.66	5.24	8.89	161.95	160.94	158.19	156.31	102.66
91	Overseas Traders (20)	332.64	+0.1	14.99	7.53	8.07	332.39	331.79	333.27	336.60	296.94
99	ALL-SHARE INDEX (750)	227.36	−1.1	—	6.94	—	229.79	230.76	229.39	230.46	223.52

FIXED INTEREST PRICE INDICES

	British Government	Wed., Jan. 2	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	99.79	−0.52	—	0.00
2	5-15 years	102.47	−0.82	—	0.00
3	Over 15 years	105.95	−0.82	—	0.00
4	Irredeemables	118.95	−0.75	—	0.00
5	All stocks	102.44	−0.71	—	0.00

FIXED INTEREST YIELDS

British Govt. Av. Gross Red.

			Wed., Jan. 2	Mon., Dec. 31	Year ago (approx.)
1	Low Coupons	5 years	12.63	12.49	9.70
2		15 years	12.66	12.56	11.48
3		25 years	12.83	12.72	12.24
4	Medium Coupons	5 years	14.96	14.78	12.80
5		15 years	14.49	14.45	12.82
6		25 years	14.40	14.17	12.82
7	High Coupons	5 years	15.25	14.96	12.84
8		15 years	15.02	14.87	13.36
9		25 years	14.73	14.60	13.36
10	Irredeemables		12.32	12.23	11.98

		Wed., Jan. 2 Index No.	Wed., Jan. 2 Yield	Mon. Dec. 31	Friday Dec. 28	Thurs. Dec. 27	Mon. Dec. 24	Friday Dec. 21	Thurs. Dec. 20	Wed. Dec. 19	Year ago (approx)
15	20-yr. Red. Deb & Loans (15)	49.53	†14.97	49.36	49.56	49.55	49.55	49.34	49.67	49.66	54.91
16	Investment Trust Prefs. (15)	46.54	14.45	46.54	46.21	46.21	46.22	46.22	45.78	45.78	51.84
17	Coml. and Indl. Prefs. (20)	61.31	14.60	61.23	61.19	61.19	61.12	61.12	61.44	61.44	72.37

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 14p, by post [illegible].

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979-80 high	1979-80 low
[illegible] Cons.	2p	8	141	+7	141	69
[illegible]	10p	8	14	—	16	7½
[illegible] Ferries	25p	6	99	—	183	92
[illegible]	25p	6	326	−6	456	311
[illegible] Plat.	R0.10	6	246	+35	246	94
[illegible] Inds.	25p	5	235	−2	362	235
[illegible]	25p	5	286	−1	347	219
BP	25p	5	344	−2	406	220½
De Beers Dfd.	R0.05	5	455	+32	482	332
GKN	£1	5	238	−9	308	226
ICI	£1	5	353	−1	415	314
Land Secs.	50p	5	248	−6	323	241
[illegible] Bank	£1	5	338	−12	406	278
Reed Intnl.	£1	5	165	−5	199	149
Shell Transport	25p	5	320	−6	402	278

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Jan. 7	Jan. 18	Apr. 10	Apr. 21
Jan. 21	Feb. 1	Apr. 24	May 6
[illegible]	[illegible] 15	May 8	May 19

For rate indications see end of *Share Information Service*

[illegible] were arranged in John Brown, Cons. Gold Fields, Premier Oil, William Collins A, Antony Gibbs, M and G Holdings, Lonrho, C. T. Bowring, Ladbroke, Fitch Lovell, Marks and Spencer, 600 Group, Grand Met. and Otter Exploration. Puts were done in GEC, BP and J. E. Sanger, while doubles were completed in Allied Colloids, Welkom and Cons. Gold Fields.

[illegible] ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price p	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979/80 High	1979/80 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone: 01-638 8651

1979-80 High	1979-80 Low	Company	Price	Change	Gross Div (p)	Yield %	P/E
[illegible]	[illegible]	Airsprung Ord.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Armitage & Rhodes	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Bardon Hill	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Deborah Ord.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Deborah 17½% CULS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Frank Horsell	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Frederick Parker	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	George Blair	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Jackson Group	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	James Burrough	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Robert Jenkins	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Torday Limited	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Twinlock Ord.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Twinlock 12% ULS	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Unilock Holdings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	Walter Alexander	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
190	136	W. S. Yeates	184	—	11.5	6.3	7.1

† Accounts prepared under provisions of SSAP 15.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

Dis. Inc. Dec. 27	176.8	188.5	—	6.26

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	17.1	19.0	—	6.10
Gt. Winchester O'seas	19.3	21.8	—	2.52

Emson & Dudley Tst. Mngmnt. Ltd.
28b Albemarle St., W1. 01-499 3211

Emson Dudley Tst.	69.7	74.5	—	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	69.1	72.7	+0.1	5.36

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

American	24.3	25.5	+0.2	1.0
Fixed Interest	24.0	25.2	—	13.4
Growth & Income	24.7	26.4	+0.3	7.90
Special Sits.	24.4	25.6	+0.3	3.0

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	25.6	27.5	—	2.36
Accum. Units	31.1	33.4	—	2.36
J. Finlay High Income	32.4	34.8	—	9.85
J. Finlay Euro.Fin.	23.9	25.7	—	4.20
Accum. Units	30.0	31.7	—	4.20
J. Finlay Fd.In.Tst.	28.3	30.4	—	5.70
Accum. Units	34.2	36.7	—	5.70

Prices on Dec. 27. Next dealing Jan. 3.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American	51.4	54.6	—	1.34
American Turnaround	51.2	54.4	—	2.00
Capital Tst.	48.2	51.2	-0.2	5.30
(Accum. Units)	48.2	51.2	-0.2	5.30
Income Tst.	34.0	36.0	-0.2	8.86
Int. Growth Fd.	41.2	43.8	—	2.29
(Accum. Units)	43.8	46.4	—	2.29

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

103¼	96	FFI 13pc 1981	97¼	......	13.37	15.89
108¼	94	Do. 14pc '83	95½	......	14.66	15.54
86½	77½	ICFC 5½pc Deb. '80-82	81	-½	6.94	15.12
85	69	Do. 6¼pcDb. '81-84	71¾	-¼	8.84	14.80
99	79½	Do. 10½pc Uns.Ln. '86	80½xd	-½	13.04	15.60
99	79	Do. 11pc Uns.Ln. '88	80xd	-½	13.75	14.90
101½	80	Do. 11¾pc Uns.Ln. '90	82xd	......	14.32	15.30
72½	54½	Do. 7¼pcADeb. '89-92	56	-½	13.17	15.30
69	53	Do. 7¼pcA Db. '91-94	56	-½	13.52	15.20
67½	64	Do.9pc'A' '91-94	67	-½	14.03	15.20
78½	61½	Do.8⅞pcLn. '92-97	65½	......	14.37	15.00
102	85	Do.12½pc. Uns. Ln. 1992	88½	-½	14.57	—

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

110	59	Clive Dis'nt 20p	65	......	5.33	—	11.7	—
224	121	Com'l Aus. ($A1)	127	......	Q18c	3.0	7.2	4.6
£17¼	930	Com'zbk DM 10	950	......	Q26%	—	7.5	—
£18½	900	C'hgn.Hbk.Kr100	£10	......	Q12%	—	11.1	—
41	20	Corinthian 10p	26	-1	†1.05	5.9	5.8	3.0
£24¾	£15	Cred. France F75	£18¾	-½	Q9.87%	—	3.5	—
11	5	Dawes (G. R.)	9	......	—	—	—	—
*£19½	£62½	Deutsche Bank DM50	£66½	-½	Q28.12%	—	5.5	—
90	55	F. C. Finance	60	-2	2.2	4.9	5.2	5.5
10¼	5¼	First Nat. 10p	9¼	-½	—	—	—	0.7
4	1½	Do. Wrrts. 75-83	2¾	......	—	—	—	—
266	178	Gerrard Natnl.	210	......	†9.12	—	6.2	—
74	38	Gibbs (A.)	70	-4	2.2	—	4.5	—
270	185	Gillett Bros. £1	196	......	†16.95	—	12.4	—

BANKS & HP—Continued

Hire Purchase, etc.

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O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
540	132	Falcon Rh.50c	540	+20	Q100c	ϕ	12.8
48	11	Rhod'n Corp. 16⅔p.	47	......	0.56	6.5	1.7
255	70	Roan Cons. K4	255	+35	Q0.125	ϕ	3.0
67	26	Wankie Col. Rh.1	62	+1	Q9c	1.5	10.0
54	9	Zam.Cpr.$BD0.24	48	+9	—	—	—

AUSTRALIAN

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28	18	Acmex 50c	25	+2	—	—	—
16	4	ACM 20c	14	......	—	—	—
82	50	Bond Corp.	80	......	Q3.75	2.2	2.4
171	100	Bougainville 50 Toea	138	+6	†Q15c	1.0	5.7
214	84	BH South 50c	214	+5	—	—	—
£17¾	340	Central Pacific	£17½	+½	—	—	—
318	170	Conzinc Riotinto 50c.	268	+16	NQ10c	2.0	1.9
36	14	Cultus Pacific N.L.	22	+5	—	—	—
*29½	2½	Eagle Corp. 10c	20	−5	—	—	—
21½	11	Endeavour 20c	20	+½	—	—	—
198	62	G. M. Kalgoorlie 25c	198	+11	Q3c	—	0.8
305	148	Hampton Areas 5p.	270	+10	3.5	2.8	1.9
75	20	Haoma Gold N.L.	34	......	—	—	—
71½	25	Metals Ex. 50c	44	+1	—	—	—
232	134	M.I.M. Hldgs. 50c	232	+22	tQ16.1c	1.8	3.6
25	15	Minefields Expl.	20	......	—	—	—
78	30	Mount Lyell 25c	60	......	—	—	—
44	13	Newmetal 20c	23	+4	—	—	—
167	91	††North B. Hill 50c.	149	+3	Q12c	1.4	4.1
48	4½	Nth. Kalgurli	48	+3½	—	—	—
165	45	Nth. Mining Corp.	165	+8	—	—	—
71	18	N. West Mining N.L.	31	+1	—	—	—
193	76	Oakbridge $A1	193	+7	Q12c	4.7	3.2
110	22	Oilmin N. L.	96	+2	—	—	—
128	58	Pacific Copper	128	......	—	—	—
*585	101	Pancont'l 25c	325	+20	—	—	—
67	15½	Paringa M&Ex.5p	67	+5	—	—	—
450	248½	Peko-Wallsend 50c.	440	+10	tQ17.5c	ϕ	2.1
202	125	Seltrust A	158	+4	—	—	—
715	145	Southern Pacific	710	+40	—	—	—
*36	8½	Swan Resources 20c.	31	−3	—	—	—
16	12	West Coast 25c	13	......	—	—	—
205	121	Westn. Mining 50c.	183	+6	Q7c	1.6	2.1
18	8	Westmex	18	+8	—	—	—
70	40	Whim Creek 20c.	60	+4	—	—	—
25	13	York Resources	13	......	—	—	—

TINS

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
30	23	Amal. Nigeria	27	......	1.0	1.9	5.3
435	265	Ayer Hitam $M1	280	......	Q290c	0.9	23.2
72	48	Beralt Tin	48xd	−1	4.5	ϕ	13.4
270	155	Berjuntai $M1	165	......	Q95c	1.0	13.4
190	125	Geevor	153xd	......	8.71	3.1	8.1
10½	8	Gold & Base 12½p	10	......	—	—	—
365	295	Gopeng Cons.	310	......	Z17.0	ϕ	7.8
370	289	Hongkong	300	......	35.87	ϕ	17.1
98	64	Idris 10p	90	......	†8.0	1.6	12.7
15	9½	Jantar 12½p	15	......	—	—	—
95	38	Kamunting $M0.50.	65xd	......	Q47½c	1.1	16.4
620	210	Killinghall $M1	300	......	ZQ60c	—	4.5
530	365	Malay Dredging $M1	485	......	†Q105c	2.6	4.9
57	26	Pahang	27	......	0.44	0.3	2.4
123	60	Pengkalen 10p	108	......	Z4.0	ϕ	3.4
275	195	Petaling $M1	230	......	Q150c	ϕ	14.6
87	53	Saint Piran	57xd	......	†2.5	6.4	‡
58	34	South Crofty 10p	42xd	......	‡3.0	2.0	‡
230	170	South Kinta $M0.50	180xd	......	Q150c	1.0	18.7
430	285	Sthn Malayan $M1	340	......	Q175c	2.1	11.6
310	210	Sungei Besi $M1	230xd	+15	†Q520c	1.0	50.8
75	25	Supreme Corp. $M1	28	......	ZQ10c	—	7.7
105	93	Tanjong 15p	97	......	7.5	0.7	11.0
115	90	Tongkah H. Tin	95	......	Q45c	1.3	10.6
280	190	Tronoh $M1	220	......	†Q25c	5.2	2.6

COPPER

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
136	56	Messina R0.50	136xd	+6	Q10c	ϕ	4.2

MISCELLANEOUS

1979-80 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
81	54	Barymin	64	......	—	—	—
14½	10	Burma Mines 17½p	12	......	—	—	—
380	170	Cons. Murch. 10c.	380xd	+50	Q100c	ϕ	15.1
450	280	Northgate C$1	450	+10	—	—	—
362	226	R.T.Z.	342	+15	†11.5	3.4	4.8
31	12	Robert Mines	16	......	—	—	—
65	26	Sabina Inds. C$1	32	+2	—	—	—
880	470	Tara Expln. $1	500	+15	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distributions and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

"Recent Issues" and "Rights" Page 24

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	26	......			
Bertam	16	......	Conv. 9% '80/82	£85¼	......
Bdg'wtr. Est. 50p	358	......	Nat. 9¾% 84/89	£69¼xd	−¼
Clover Croft	32	......	Fin. 13% 97/02	£82⅝	−⅛
Craig & Rose £1	£10½	......	Alliance Gas	66	......
Dyson (R. A.) A	8	......	Arnott	350	......
Fife Forge	44	......	Carroll (P.J.)	52xd	+1¼
Finlay Pkg. 5p	19	......	Clondalkin	81	......
Graig Ship. £1	800	......	Concrete Prods.	88	......
Higsons Brew.	75	......	Heiton (Hldgs.)	33	......
Holt (Jos) 25p	250	......	Ins. Corp.	200	......
I.O.M. Stm. £1	155	......	Irish Ropes	72½xd	......
Pearce (C. H.)	355	......	Jacob	33	......
Peel Mills	29	......	T.M.G.	138	......
Sheff. Refrshmt.	98	......	Unidare	83	......
Sindall (Wm.)	165	......			

OPTIONS

3-month Call Rates

Industrials		I.C.I.	20	Tube Invest.	27
A. Brew.	8	"Imps"	8	Unilever	40
BOC Intl.	6	I.C.L.	45	U.D.T.	4
B.S.R.	5	Inveresk	5	Utd. Drapery	10
Babcock	12	KCA	3½	Vickers	18
Barclays Bank	30	Ladbroke	17	Woolworths	6½
Beecham	13	Legal & Gen.	14		
Blue Circle	25	Lex Service	11	**Property**	
Boots	17	Lloyds Bank	24	Brit. Land	7
Bowaters	16	"Lofs"	3½	Cap. Counties	9
B.A.T.	25	London Brick	6	Land Secs.	25
Brown (J.)	7½	Lonrho	6	MEPC	17
Burton 'A'	25	Lucas Inds.	20	Peachey	13
Cadburys	5½	"Mams"	15	Samuel Props.	14
Courtaulds	8	Mrks. & Spncr	10	Town & City	2
Debenhams	8	Midland Bank	30		
Distillers	21	N.E.I.	5	**Oils**	
Dunlop	6	Nat. West. Bank	28	Brit. Petroleum	35
Eagle Star	14	P & O Dfd.	10	Burmah Oil	15
E.M.I.	12	Plessey	10	Charterhall	5
Gen. Accident	21	Racal Elect.	22	Premier	4
Gen. Electric	35	R.H.M.	4½	Shell	30
Glaxo	40	Rank Org.	18	Ultramar	22
Grand Met.	13	Reed Intnl.	17		
G.U.S. 'A'	30	Sears	5½	**Mines**	
Guardian	23	Spillers	4½	Charter Cons.	16
G.K.N.	22	Tesco	7	Cons. Gold	32
Hawker Sidd	16	Thorn	35	Rio T. Zinc	26
House of Fraser	14	Trust Houses	14		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Thursday January 3 1980

North Sea oil prices may top $30

BY RAY DAFTER, ENERGY EDITOR

NORTH SEA oil prices are expected to be raised to more than $30 a barrel in the next few days. The increase—which follow pricing levels set by African producers — will be backdated to January 1.

Oil companies — principally British National Oil Corporation —still have to fix prices for North Sea crudes, which now cost an average of $26.30. This is well out of line with the cost of competitive African oil.

Industry reports suggest that Nigeria is asking more than $34 a barrel for some grades of crude; Libya has raised its price to about $34.50, while Algeria is charging about $33 a barrel, $3 of which is in the form of a surcharge to cover further exploration costs.

These prices stretch even further the differential between the $24 a barrel "marker" price fixed by Saudi Arabia, the world's biggest exporter and leading "moderate" within the Organisation of Petroleum Exporting Countries, and those prices imposed by the OPEC hawks.

North Sea oil producers, particularly BNOC, and the Government are in a quandary. While committed to charging world market prices, they are anxious not to give further impetus to the pricing spiral.

Furthermore, there is still a good deal of confusion about the true market value of high quality crudes such as those produced in Africa and the UK.

Consequently, it could be several more days before new North Sea oil prices are announced. Even then, they might indicate a compromise solution to the dilemma.

BNOC, as the leading North Sea oil trader, may fix a basic price at or a little below $30 a barrel, putting the UK firmly in the camp of the pricing moderates.

In this case, the Corporation would probably impose a surcharge to bring the prices in line with those charged by the Africans. This premium could then be tailored or removed, depending on the conditions of the oil market over the coming months.

Mr. David Howell, Energy Secretary, who yesterday met BNOC officials to discuss the supply position, believes that there could soon be a surplus of crude oil in the international market. This might lead to a slackening in prices.

BNOC is trapped because through its state participation agreements it is bound to pay market prices for all oil acquired from other North Sea producers.

This oil is resold by BNOC—either back to the producing companies or to refiners. If the Corporation paid less than market price it would be faced with arbitration procedures and, perhaps, litigation.

Mr. Howell emphasised yesterday that Britain would lose more than it would gain from such price increases, even though the country would reach the point of being energy self-sufficient at some stage this year. Taking the coming 12 months as a whole, the country would still remain a net importer of oil.

Higher energy prices would affect growth, fuel inflation — each 20 per cent rise in the price of oil adds 1 per cent to the retail price index — and "detonate" a further increase in public expenditure. Within the oil industry, it was estimated that a $6-a-barrel increase in crude oil could add more than 9p a gallon to petrol pump prices.

"We are not like Saudi Arabia. We are basically a consumer country," said Mr. Howell. "We might gain a little on the swings, but we would lose a lot more on the roundabouts."

The gains would come in the form of increased taxation. Government revenue from North Sea production this year is expected to be about £2.5bn with oil priced at an average of $30 a barrel, according to stockbrokers Wood, Mackenzie. The revenue would be nearer £2.2bn with a $25 a barrel oil price and £3.8bn if North Sea crude prices rise to $35 a barrel.

A further big rise in North Sea oil prices could provoke renewed criticism from Britain's Common Market partners—particularly Germany and France. It has been suggested in the Community that the UK should charge EEC oil buyers a lower rate.

Mr. Howell said that such a system would be impractical: the cheaper oil would quickly leak into the international system, with oil traders making a profit at Britain's expense.

He felt that the shortcomings of such a cheap oil policy were now accepted by EEC members.

Mr. Howell will fly to the Gulf tomorrow for talks with ministers and officials of Saudi Arabia, Kuwait and, possibly, Iraq. He said he would be emphasising the need for a return to pricing stability and a reunification of the price structure.

He would also be discussing changes in the international marketing system, including the growth in government-to-government deals. Although Britain was about to become energy self-sufficient, it was still interested in maintaining supply options.

THE LEX COLUMN

A breathing space for steel users

Naturally enough, the equity market reacted nervously to the formal onset of the steel strike yesterday. Yet steel users do not, by and large, appear to be facing any imminent crisis, and for some of them the opportunity to run down stocks could even turn the strike into something of a blessing in disguise.

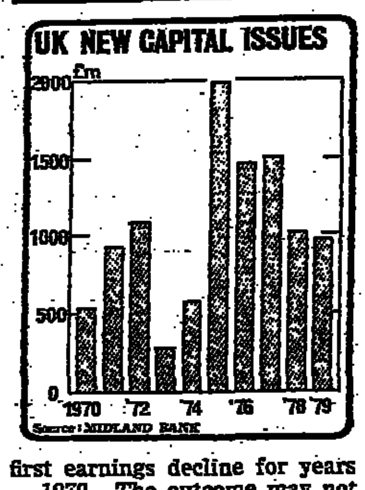
For some time the national statistics have shown unusually high inventories, with manufacturers building stocks by some £400m, or 2 per cent, in volume terms, during the first nine months of 1979. Last month the CBI confirmed in its monthly survey that increasing numbers of companies are becoming overstocked.

The engineering dispute in the late summer tended to lead to some piling up of raw materials and work in progress, and though this may have been partly unwound in subsequent months, companies have more recently had a clear incentive to build up steel stocks ahead of the threatened stoppage. With the tax paying season now upon us, there will be increasing pressure to slim down again.

The overall liquidity effects of strikes are, however, rather complex. Last winter the road haulage stoppage, combined with bad weather, appeared to lead to higher loan demand. The engineering dispute, in contrast, temporarily improved liquidity as wage outgoings fell but customers were still paying for goods received previously.

Now the steel strike is likely to lead to a temporary improvement in liquidity. If the stoppage lasts for much more than a month it will begin to affect production — and therefore profits—in metal-using industries, but even then cash flow could hold up for a while.

Index fell 7.2 to 407.0



IBM

IBM normally announces price changes on a divisional basis. So there was something special about last Friday's announcement of a broad range of price increases spread across the office product, systems and data processing divisions. In making the changes, IBM was showing once again the extent to which it can control its own destiny through its price leadership. Coming after a year of particularly aggressive price competition, the decision must be a welcome relief for the rest of the world's computer industry.

High inflation, the costs of a heavy new products programme, and a swing from outright purchases to leasing are likely to mean that IBM will report its first earnings decline for years 1979. The outcome may not be much above $5 per share, against $5.32 in 1978. The new pricing structure, which seems partly designed to boost outright sales of new equipment, should help to boost earnings this year to $5.75 or more. And for 1981, when the new product cycle ought to be running strongly in IBM's favour, some analysts are already talking about $7 a share. Wall Street remains unimpressed, with the shares a fifth below the 1979 peak at around $64.

Corporation tax

JANUARY is the crunch month for payments of mainstream corporation tax, when the Government expects to receive fully half — or £1.6bn — of the annual total. So far the omens are unpromising. In the first seven months of the financial year receipts of corporation tax were 11.9 per cent up on the same period in 1978, against the 14.2 per cent budgeted for the whole year. Mainstream was up 17.8 per cent against 28 per cent and on this trend total corporation tax for the year is estimated to come out at £300m below forecast at £4.6bn.

Reports from tax inspectors on the ground are that January should see an upturn in returns that will make up the shortfall. However, the anticipated improvement is likely to depend on the extent of companies' liquidity problems. Bank, up against their corset limits, have become extremely unsympathetic to company loan requests. So although the interest rate on unpaid tax — which has recently been raised to 12 per cent — is now generally market competitive, some companies will still be tempted to use this alternative source of short-term finance by, for instance, protracting the process of reaching agreement on their tax liability.

Given the emphasis on short-term monetary fine-tuning, a £300m shortfall on corporation tax would represent an unacceptably high margin of error. This underlines the efforts of the Inland Revenue over the last two years to provide a better forecasting model. The key problem of the old model was that it used simple aggregates for the inputs. With the growth in capital allowances and stock relief over the 1970s the extent of overlap between allowances became a major uninvestigated element. In 1977-1978 corporation tax was underestimated by more than £700m because of this. While the disaggregated model is undoubtedly an improvement, it still leaves a large untamed variable in the shape of group relief, which is probably worth some £3bn out of total relief of £8bn.

New issues

Despite the surge of rights issues in the second quarter, 1979 turns out to have been a dull year for new issues on the stock market. The Midland Bank's survey, which either through tact or wishful thinking ignores the Government's offerings, shows a fall in new issue volume to £967m from just over £1bn in 1978 and £1.5bn in 1977. All these figures are a far cry from the £384m—in real money—that was raised in 1920, before the Government Broker became so demanding.

The 1979 figures are heavily influenced by a sharp decline in local authority stock and bond issues, from £330m in 1978 to only £80m. Local authority treasurers seem to have postponed new issues on the view that interest rates were destined to fall over the course of the year, and resorted instead to their bankers and the Public Works Loan Board—not to mention all that leasing of capital equipment.

The company sector almost made up for this, with new issues rising by a third to £885m. Over £400m of this came in the second quarter as rights issues were brought out, often to coincide with preliminary results, on a very strong equity market. If 1980 sees a revival in equity prices there will no doubt be a fat stream of companies coming to the market to rebuild their balance-sheets

Soames accused of election bias

BY QUENTIN PEEL IN SALISBURY

BOTH wings of the Patriotic Front launched strong attacks yesterday on the administration of the ceasefire and election process in Rhodesia. They called for postponement of the February 27-29 election and tomorrow's ceasefire deadline.

The Front accused the Rhodesian police, now under the authority of Lord Soames, the British Governor, of harassing guerrillas.

It claimed that Rhodesian auxiliary forces—supposedly monitored under the ceasefire agreement—are being allowed to roam freely and to intimidate people.

Launching the sharpest attack to date on Lord Soames' administration, ZANU officials announced that Mr. Robert Mugabe would fly to Salisbury on Saturday to decide how to react to the alleged bias of the Governor's rule.

Mr. Enos Nkala, treasurer and acting president of ZANU (PF) —said that if Lord Soames refused to respond to the request for a delay of the deadline, he would be to blame if the ceasefire broke down.

British officials insist that there is no likelihood of either the election dates or the Friday midnight deadline for guerrillas to report to assembly places, being postponed.

But the Front still sounded confident that some compromise might be possible.

Mr. Mugabe's return, a day before Zapu's Mr. Joshua Nkomo, marks the week-end as the effective start to the election campaign for the three major parties.

Bishop Abel Muzorewa, Prime Minister of the outgoing government, will launch the United African National Council campaign on Sunday.

The heightened political activity comes wher the five-day-old cease-fire is still in the balance. British officials reported a turnout of 4,200 guerrillas in their prescribed assembly and rendevous points —double the previous day's figure, but still only a small proportion of the country's estimated 15,000-20,000 guerrillas.

Rhodesian security forces continued to report "deliberate acts of violence, theft and intimidation," blaming the Patriotic Front. British officials said ten guerrillas and five members of the Rhodesian forces have been killed in clashes.

The Patriotic Front claimed that auxiliary forces loyal to Bishop Muzorewa, estimated at 15,000 to 20,000, were roaming through tribal trust lands, unmonitored by Commonwealth forces.

New group to develop Europe's missiles

By Michael Donne, Aerospace Correspondent

A MAJOR European guided weapons manufacturing consortium, to undertake initially a new anti-tank missile venture but later other missile programmes, has been set up by the UK, France and West Germany.

The new group, Euromissile Dynamics (EMDG), will bring together the resources of the Dynamics Group of British Aerospace, Aérospatiale of France and Messerschmitt-Bolkow-Blohm of West Germany.

The members of the group will retain their independent activities in other programmes, which include guided weapons of all kinds, and space research.

The objective of EMDG is to ensure that wasteful duplication in developing anti-tank guided weapons for NATO is avoided.

It is also intended that, progressively, other guided weapons jointly undertaken in Western Europe should be channelled through the new group.

One example is the Anti-Ship Euromissile (ASEM), on which all three companies are already working. This will be absorbed by the new group as soon as practicable.

The supervisory board of the consortium will comprise the chief executives of the constituent companies—Mr. G. R. Jefferson, chairman of the British Aerospace Dynamics Group; M. Michel Allier, chief executive of Aérospatiale's Engins Tactiques division; and Herr Gunther Kubio, chief executive of MBB Unternehmensbereich.

The UK, French and West German governments are close to placing an initial feasibility study with the group for medium and long-range anti-tank guided weapons.

The French and German members set up a joint company, Euromissile, several years ago to produce short-range battlefield guided weapons, including the Hot anti-tank missile, the Milan man-carried anti-tank missile, and the Roland mobile anti-aircraft missile system.

Work on these programmes will be continued independently by Euromissile. Similarly, British Aerospace Dynamics Group will continue its independent missile activities.

These include the Seawolf anti-missile missile system, the Swingfire long-range anti-tank weapons system, and the Rapier naval anti-aircraft missile system.

Generals warn Turkish parties

BY METIN MUNIR IN ANKARA

THE TURKISH ARMY has issued a stiff warning to the country's political parties, criticising them for squabbling and urging them to reach a consensus on measures to counter rampant terrorism.

The generals' warning, entitled "the view of the Turkish armed forces," was read over the State-controlled Turkish radio at noon yesterday.

The generals did not state what they would do if the parties did not co-operate to extricate Turkey from what General Kenan Evren, the Chief of Staff, has described as the gravest crisis in Turkey's 56 years as a republic.

The armed forces have intervened in politics twice in the past two decades. Martial law is in force in the main cities and many observers expect the military to demand a more active role in running the country in the situation continues to deteriorate.

The Turkish armed forces have decided to warn the political parties, which have been unable to bring a solution to the country's problems, which have failed to prevent anarchy and secessionism from proportions threatening to disrupt the country's integrity, which are flirting with secessionist and destructive groups and which hold irreconcilable positions fuelled by sterile squabbling," the generals warned.

There was a strong possibility of the Middle East erupting into war and at home "secessionists" —a term apparently referring to the Kurds—and terrorists were preparing for a general uprising, the generals warned.

The document was secretly submitted to Mr. Fahri Koruturk, President, eight days ago, signed by General Evren and the four service commanders.

It was accompanied by a lettre to the President in which the generals stressed that the measures on which consensus was desired should be taken "within the parliamentary democratic regime."

Both were released after copies were handed to Mr. Suleyman Demirel, Prime Minister, and Mr. Bulent Ecevit main Opposition leader.

Mr. Koruturk conspicuously did not invite the other party leaders, including Professor Necmettin Erbakan, the leader of the National Salvation Party (NSP), which espouses pro-Islamic views, and Mr. Alparslan Turkes, chairman of the ultra right-wing Nationalist Action Party (NAP).

Mr. Turkes' party and its affiliates are behind much of Right-wing terrorism. Mr. Erbakan and his Islamic fanatics have been encouraged by the Islamic revolution in Iran which they support with fervour.

Mr. Demirel looked shaken after his interview with the President, which must have filled him with a strong sense *déjà vu*.

He was forced to step down as Prime Minister nine years ago following a similar, though tougher memorandum by the generals.

Editorial comment, Page 12

Gandhi expected to win Indian elections

BY DAVID HOUSEGO

VOTING TAKES place in nearly half of India's 642 constituencies today, with the rest of the electorate going to the poll on January 6.

The election, the seventh since independence, is expected to leave Mrs. Gandhi as leader of the largest party in the parliament, and possibly with an overall majority. Only three years ago her Congress government was overwhelmingly rejected by an electorate indignant at the abuse of power under her emergency rule.

The mid-term poll was caused by the break up of the Janata Party coalition that had ruled since 1977 and the refusal of President Sanjiva Reddy to allow the new Janata party leader, Mr. Jagjivan Ram, to try to form a new government by seeking fresh Parliamentary alliances.

Mr. Ram is from the Harijan (untouchable) community. His supporters were bitterly critical of the decision which they saw as a deliberate move to prevent a Harijan from becoming Prime Minister.

The campaign is the first in which there have been three contenders for the premiership, but the main issue has been the possible return to power of Mrs. Gandhi. To an electorate weary of politicians, she has been holding out the promise of stable and strong government.

Both Mr. Jagjivan Ram and the caretaker Prime Minister, Mr. Charan Singh, have declared that a victory for Mrs. Gandhi would mean the return of authoritarian rule.

Some 360m out of India's 600m population are entitled to vote in the two-day poll, though because of political apathy and severe drought in the north, the turnout is expected to be low. In the 1977 election 60 per cent of voters polled.

Record year for airlines

By Michael Donne, Aerospace Correspondent

THE WORLD'S airlines last year were busier than ever before, carrying 745m passengers on scheduled services, or 10 per cent more than in 1978.

It was one of the best years for air travel growth in the decade—second only to 1978 when scheduled services grew by 11 per cent.

The figures, compiled by the UN's International Civil Aviation Organisation (ICAO), include Aeroflot, the Soviet airline, but exclude China. Aeroflot is estimated to have carried around 100m passengers last year.

The ICAO reports a substantial number of non-scheduled passengers, on holiday, charter or business flights.

This latter figure is almost impossible to measure, because it comprises traffic of a widely varied nature, much of which is not reported to the ICAO in the same way as scheduled-service traffic.

It is estimated in some countries to exceed the volume of scheduled-service traffic, and is believed to amount world-wide to several hundred million passengers a year.

On that basis, total air travel throughout 1979 seems likely to have exceeded 1bn passengers of all kinds. Much of this traffic originated in the Third World.

Air cargo traffic also continued to grow during 1979, by 6 per cent to a total of 11.2m freight-tonnes carried, while air mail expanded by 3 per cent, to just under 3.4m tonne-kilometres flown.

The growth in freight, however, while higher than in 1978, was rather lower than the average 8 per cent expansion recorded in previous years. Air mail maintained the same rate of growth as in 1978.

Weather

UK TODAY

DRY and sunny in E., some rain in W. Cold everywhere.

London, S.E., E., Cent. N., N.E. England, Midlands, E. Anglia

Fog patches clearing slowly, frost persisting in places, dry, sunny. Max. 2C (36F).

Cent. S., N.W., S.W. England, Wales, Channel Isles, I. of Man, S.W., N.W. Scotland, Argyll

Cloudy, outbreaks of rain, sleet or snow. Max. 3C (37F).

Borders, Rest of Scotland, Orkney, Shetland

Dry, hazy sunshine.

Outlook: Dry in N.E., rain, sleet or snow in S. and E. Cold with frost.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	10	50	Locarno	F	6	43
Algiers	S	18	64	London	S	3	37
Amsdm.	F	2	36	Luxmbg.	C	0	32
Athens	C	13	55	Luxor	S	23	73
Bahrain	S	18	64	Madrid	F	10	50
Barclna.	F	14	57	Majorca	C	11	52
Beirut	R	17	63	Malaga	C	17	63
Belfast	S	1	34	Malta	F	16	61
Belgrd.	C	−2	28	M'chstr.	S	−3	27
Biarritz	F	5	41	Melbnä.	S	31	89
Bmghm.	S	0	32	Mex. C.	S	24	75
Blackpl.	S	0	32	Milan	S	6	43
Bordx.	S	4	39	Mntreal	Sn	−4	25
Boulgn.	F	2	36	Moscow	S	−5	23
Bristol	S	1	34	Munich	S	−2	28
Brussels	F	2	36	Nairobi	S	24	75
Budpst.	F	0	32	Naples	R	7	45
B. Aires	S	27	81	Nwcstle.	S	0	32
Cairo	S	21	70	N. York	S	3	37
Cardiff	S	1	34	Nice	S	12	54
Cas'b'ca	S	17	63	Oporto	F	14	57
Cape T.	C	24	75	Oslo	S	−6	21
Chicago	C	0	32	Paris	F	3	37
Cologne	S	1	34	Perth	S	32	90
Cpnhgn.	F	0	32	Prague	F	−2	28
Corfu	R	11	52	Reykjvk.	C	3	37
Dublin	S	4	39	Rhodes	F	15	59
Dbrvnk.	C	4	39	Rio J'o	S	25	77
Ednbgh.	S	−4	25	Rome	R	4	39
Faro	F	17	63	Salzbrg.	S	−2	28
Florence	F	6	43	Singapr.	S	30	86
Frankft.	F	2	36	Stckhm.	C	−5	23
Funchal	C	17	63	Strasbg.	F	2	36
Geneva	C	0	32	Tangier	C	15	59
Gibrltr.	F	16	61	Tehran	S	0	32
Glasgow	S	−4	25	Tel Aviv	S	17	63
G'rnsey	S	4	39	Tenerife	C	13	55
Helsinki	S	−5	23	Tokyo	S	7	45
H. Kong	S	21	70	Toronto	Sn	−1	30
Innsbrk	S	−3	27	Tunis	R	14	57
I.o.Man	S	2	36	Valencia	F	17	63
Istanbul	S	7	45	Venice	S	5	41
Jersey	S	4	39	Vienna	F	1	34
Jo'burg	S	28	82	Warsaw	C	−3	27
L. Pims.	F	19	66	Zurich	F	−1	30
Lisbon	C	14	57				

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

Afghanistan

Continued from Page 1

rebel groups have joined forces in places cannot be confirmed.

The Soviet commander in Afghanistan has ordered the effective arrest of most of the Afghan army, according to persistent reports reaching the Pakistani border.

One detailed report by Pakistani observers confirmed rebel claims that the number disarmed and confined to barracks could be as high as 70,000. They include two armoured divisions, two infantry divisions, the eighth Kharga division, one other division, and two commando battalions.

The absence of Afghan troops from the streets of Kabul tends to confirm this. It indicates widespread opposition to the Soviet invasion and fear on the part of the USSR that the Afghan army, already weakened, might suffer further, in wholesale defections to the rebel side.

Diplomats trying to piece together a picture of the Soviet battle for control of the rugged, mountainous areas outside Kabul are severely hampered by limited communications.

Casualty reports are virtually impossible to confirm. But estimates range from 250 Soviet troops killed or wounded, to nearly 2,000 casualties, according ot some Pakistani observers. Western diplomats believe the latter estimate is too high.

Both the Russians and the Afghan Army were engaged in heavy fighting in the fight for Kabul. A number of Soviet troops have been killed in clashes in Kunar province and a major engagement took place in Takhan province on December 30 between the Soviet and the pro-Islamic rebels, in which several hundred rebels, over 200 Red Army soldiers and a Soviet general were killed, according to unconfirmed reports.

President Babrak Karmal, installed by Soviet troops at the beginning of the invasion on December 24, made his first appearance on Afghan television on Tuesday night when the People's Democratic Party of Afghanistan was founded.

He and his ministers have not yet been sighted by foreign diplomats in Kabul, possibly because the entire Afghan Cabinet is said to be living in the Soviet embassy, under the protection of heavily armed Soviet troops.

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